CPIA Detailed Report

Pays: South Africa

Année de l'exercice: CPIA Exercise 2023

Currency: South African Rand (ZAR)

Ville: Pretoria

Groupe de revenu: Upper middle income

Catégorie de prêt: IBRD

Score CPIA final: 4.856

(A) Economic Management

Score du cluster: 4.833

01. Fiscal Policy

Score du critère: 5

1. Fiscal Policy

Type de score	Valeur
Score de brouillon	5.0
Score révisé	5.0
Score de deuxième brouillon	5.0
Score final	5.0

Notes du pays:

The COVID-19 pandemic had a severe impact on the fiscal position. However, the situation has improved slightly in FY22/23 thanks to higher tax revenues. The total revenue increased to 28.5 percent of GDP in FY22/23 from 27.8 percent in FY21/22, after dropping to 25.1 percent in FY20/21 due to the economic contraction caused by the pandemic (compared to an average of 26.6% in FY17/18-19/20). The main drivers of the revenue increase were the surge in commodity prices in 2022 and the recovery of corporate tax collections. South Africa's tax-to-GDP ratio, which is estimated at 24.4 percent on average during FY19/20-23/24, is higher than the African average of about 17.0 percent, reflecting the efficiency of the South African Revenue Service (SARS). The total expenditure declined from 35 percent of GDP in FY20/21 to 32.5 percent in FY21/22 and remained stable at 32.6 percent in FY22/23. The public-service wage bill (accounting for about half of total expenditure), debt-service costs and transfers to households, and COVID-19 related spending are the main factors that keep government spending high. These expenditures pose a challenge for fiscal sustainability and require careful management. As a result, the fiscal deficit shrank to 4.2 percent of GDP in FY22/23 from 4.6 percent and 9.9 percent in FY21/22 and FY20/21, respectively. The deficits were financed by domestic and external borrowing, leading to a rise in public debt. The fiscal deficit is projected to continue to decline to 4 percent of GDP in FY23/24 and reach 3.2 percent in FY25/26, asthe Government implements a fiscal consolidation strategy that supports growth and restores fiscal space, while reducing the need for transfers to state-owned enterprises (SOEs) by enhancing their performance. Fiscal sustainability remains the ultimate target of the SA government. Indicators that are monitored in fiscal management are: the debt-to-GDP ratio, spending as a percentage of GDP and the wage bill as a percentage of overall spending. In FY 2020/21, total government revenue and expenditure were estimated at 27.7% and 41.7% of GDP respectively, resulting in a budget deficit of 14% of GDP in FY 2020-21 in response to the expenditure and economic pressures of the COVID-19 pandemic. Indeed, the COVID-19 shock resulted in a 6.4%7.2% contraction in GDP growth in 2020 (Budget Review 2021).

The IMF Article IV report of 2023 noted that fiscal policy aims to restore the health of South Africa's public finances. The February 2023 Budget aims to do so by treating the windfall in mining revenue as temporary and allocating some of it to deficit reduction, while making spending composition more growth enhancing. In particular, the Budget envisages to reduce the fiscal deficit to 4 percent of GDP in FY23/24 and to 3.2 percent of GDP by FY25/26. Despite the declining fiscal deficit, debt is projected to increase from 71.4 percent of GDP in FY22/23 to 73.6 percent of GDP in FY25/26 due to the government's debt relief to Eskom.

According to the South Africa National Treasury Budget Highlights report, Government will achieve a main budget primary surplus in 2022/23. Main budget noninterest expenditure will grow, on average, slightly above consumer price index inflation in the outer two years of the medium-term expenditure framework period. The consolidated budget deficit will decline from 4.6 per cent of GDP in 2021/22 to 4.2 percent of GDP in 2022/23, reaching 3.2 per cent of GDP in 2025/26. The Eskom debt relief, amounting to R254 billion, will require a step change in public debt which will result in government debt stabilizing at 73.6% of GDP in 2025/26, later and at a higher level than in the 2022 Medium Term Budget Policy Statements. Servicing debt requires an increasing share of the government's available resource. Debt-service costs as a per cent of main budget revenue will increase from 18% in 2022/23 to 19.8% in 2025/26 and is expected to average R366.8 billion a year over the medium term.

The tax policy is also designed to respond to emerging challenges in South Africa. For example in response to energy crisis, the Government introduced tax relief totaling R13 billion in 2023/24 to support the clean energy transition, increase the electricity supply and limit the impact of consistently high fuel prices. R4 billion in relief is provided for individuals that install solar panels, and R5 billion to companies through an expansion of the renewable energy tax incentive.

The COVID-19 pandemic had a severe impact on the fiscal position. However, the situation has improved slightly in FY22/23 thanks to higher tax revenues. The total revenue increased to 28.5 percent of GDP in FY22/23 from 27.8 percent in FY21/22, after dropping to 25.1 percent in FY20/21 due to the economic contraction caused by the pandemic (compared to an average of 26.6% in FY17/18-19/20). The main drivers of the revenue increase were the surge in commodity prices in 2022 and the recovery of corporate tax collections. South Africa's tax-to-GDP ratio, which is estimated at 24.4 percent on average during FY19/20-23/24, is higher than the African average of about 17.0 percent, reflecting the efficiency of the South African Revenue Service (SARS). The total expenditure declined from 35 percent of GDP in FY20/21 to 32.5 percent in FY21/22 and remained stable at 32.6 percent in FY22/23. The public-service wage bill (accounting for about half of total expenditure), debt-service costs and transfers to households, and COVID-19 related spending are the main factors that keep government spending high. These expenditures pose a challenge for fiscal sustainability and require careful management. As a result, the fiscal deficit shrank to 4.2 percent of GDP in FY22/23 from 4.6 percent and 9.9 percent in FY21/22 and FY20/21, respectively. The deficits were financed by domestic and external borrowing, leading to a rise in public debt. The fiscal deficit is projected to continue to decline to 4 percent of GDP in FY23/24 and reach 3.2 percent in FY25/26, asthe Government implements a fiscal consolidation strategy that supports growth and restores fiscal space, while reducing the need for transfers to state-owned enterprises (SOEs) by enhancing their performance. Fiscal sustainability remains the ultimate target of the SA government. Indicators that are monitored in fiscal management are: the debt-to-GDP ratio, spending as a percentage of GDP and the wage bill as a percentage of overall spending.In FY 2020/21, total government revenue and expenditure were estimated at 27.7% and 41.7% of GDP respectively, resulting in a budget deficit of 14% of GDP in FY 2020-21 in response to the expenditure and economic pressures of the COVID-19 pandemic. Indeed, the COVID-19 shock resulted in a 6.4%7.2% contraction in GDP growth in 2020 (Budget Review 2021). According to the latest projections, real GDP growth is expected to reach 3.3% by the end of 2021.Since March 2020, the government has focused on addressing the immediate health and economic consequences of COVID-19. The government however resumed with its temporary support for low-income households and unemployed workers. R11 billion is being added to the expenditure framework in 2021/22 to fund the public employment initiative.The contraction in GDP in 2020 was characterized by a drop in tax revenue (2019/20-2020/21) from 1,530.5 to 1,362.7, a decline of -11%, and an increase in expenditure from 1,822.3 to 2,052.5, a sharp increase of 12.6%. The budget deficit increased from 6.7 percent of GDP in 2019/20 to a projected 14%15.7 percent in 2020/21. The revised estimated primary balance deteriorated to 7.5% in 2020/21 from 2.7% of GDP in 2019/20 and 0.1% in 2018/19. Thus, the 2021 budget proposes measures to reduce GDP deficit to 0.8% by 2023/24.In 2020/21, post-proposal gross tax revenue stood at R1212.2 billion, a decline of about 10.6% compared to 2019/20. A gradual recovery in revenue is expected in the medium term. However, upward revisions to revenue estimates in 2020/21 result in higher medium-term revenue projections in almost all tax categories. The tax-to-GDP ratio now stands at 24.6 percent. A strong and sustained economic rebound is needed to return this ratio to pre-COVID-19 levels of 26.3 percent of GDP. Given the uncertain economic outlook, revenues are likely to be lower than estimated. Taxes are the dominant source of revenue, accounting for over 95 percent of total revenue in 2019/2020. Total revenues increased by 6.6% in FY 2018/19 and 5.4% in 2019/20, but are projected to decline by 18.2% in 2020/21. Tax policy does not include an additional rate for direct tax proposals for the 2020/21 budget. The government has estimated that it already has a relatively high tax-to-GDP ratio compared to other countries at a similar level of development. Additional revenue from indirect taxes is offset by personal income tax relief. The main tax proposals for 2020/21 are to: (i) provide personal income tax relief through above-inflation increases in brackets and allowances; (ii) further restrict corporate interest deductions to combat base erosion and profit shifting; iii) restricting the ability of businesses to fully offset assessed losses from previous years against taxable income; iv) increasing the fuel tax by 25c/liter, consisting of a 16c/liter increase in the general fuel tax, to adjust for inflation; v) increasing the annual contribution limit to tax-exempt savings accounts by R3. 000 as of March 1, 2020; vi) increasing the excise tax on alcohol and tobacco to between 4.4 and 7.5 percent. On the expenditure side, a tax relief package has been designed to help households and businesses overcome the short-term effects of the Covid-19 crisis. The government is implementing a R500 billion (us$26.3 billion) COVID-19 pandemic recovery plan, equivalent to 10 percent of GDP, broken down as follows: loan guarantee program (40 percent); employment protection and worker income (28 percent); tax relief (14 percent); social grants (10 percent); COVID-19 health-related services (4 percent); and municipal emergency services (4 percent).In line with the priorities of South Africa's national development plan, Vision for 2030, the shares of consolidated public spending on Learning and culture, Health, Social development, Community development, Economic development, Peace and security and General public services are 21.3%, 13.6%, 22.7%, 11.6%, 10.5%, 12.0% and 3.4% respectively for the year 2020/21. Public sector infrastructure spending over the medium-term expenditure framework (MTEF) period is estimated at R815 billion (2021/23). The outlook for construction remains bleak in the context of weak infrastructure investment and continued low confidence. The infrastructure sector is expected to grow as government initiatives to increase capital spending accelerate. State-owned enterprises continue to be the largest contributor to capital investment, with planned spending of R314 billion over the next three years (2021/2023). Spending on economic infrastructure, mainly by state-owned enterprises, accounts for 75.1%. Civil servants' remuneration absorbed 41% of government revenue in 2019/20 and 47% of revenue in 2020/21. Allowing the wage bill to continue to grow at the rate of recent trends is not sustainable. It would require a substantial reduction in funding for capital investments and essential public goods and services. Following the government's decision in 2020 not to implement a wage increase in 2020/21, the Labour Court of Appeal reaffirmed the constitutional role of the National Treasury in safeguarding the public finances. In this regard, the approach to future wage negotiations will be aligned with the prevailing budget position and economic conditions. The 2021 budget proposes significant moderation in spending on the consolidated wage bill, which increases by an average of 1.2 percent over the medium term. Payroll accounted for approximately 34% of consolidated expenditures in 2019/20. Between 2006/07 and 2019/20, compensation was one of the fastest growing expenditure items, increasing faster than GDP growth.To support higher levels of capital investment, the 2020 budget reduced goods and services, current transfers, and capital baselines, and reprioritized funds to core priorities. To reduce the growth in the public service wage bill, the proposed reductions in consolidated compensation spending amount to R303.4 billion from 2020/21 to 2023/24. The 2020 budget shows a 160.2 billion rand reduction. The main risks to the government's fiscal consolidation plans are the uncertainty of growth forecasts, contingent liabilities of state-owned enterprises and the budget for civil servants' pay.South Africa was ranked first in the 2019 Open Budget Index released in May 2020. The index ranks 117 countries covered by the open budget survey. The global average transparency score is 45 out of 100 and South Africa scored 87 out of 100, a win that recognizes the country's commitment to a transparent budget process. This is a repeat of the 2017 OBI result. The results of the survey were used to identify gaps in budget transparency and the informed measures and mechanisms adopted to address them.In 2020/21, the government's gross borrowing requirement increased from R432.7 billion to R670.3 billion, or from 8 to 13.6 percent of GDP. Gross borrowing debt is projected to increase from R3,950 billion, or 80.3% of GDP, in 2020/21 to R5,230 billion, or 87.3% of GDP, in 2023/24. The proposed fiscal framework will stabilize debt at 88.9 percent of GDP in 2025/26. In the medium term, debt service costs are expected to average 20.9% of gross tax revenue.Interest payments on the debt increased from 3.3 percent of GDP in 2016/17 to 4.8 percent or R233 billion in 2020/21 and are projected to reach R353.1 billion or 5.9 percent of GDP in 2023/24. Government spending, financed by tax increases and increased debt issuance, has led to an increase in debt, which has dampened public and private investment and thus growth. This largely reflects the surge in deficits due to the coronavirus crisis and associated containment measures that have hit the South African economy and government revenues.

02. Monetary Policy

Score du critère: 5

2. Monetary Policy

Type de score	Valeur
Score de brouillon	5.0
Score révisé	5.0
Score de deuxième brouillon	5.0
Score final	5.0

Notes du pays:

Monetary policy gradually tightened amid rising inflation. The South African Reserve Bank (SARB) lowered the repo rate to 3.5 percent in July 2020 to stimulate the economy with low inflation. However, facing higher inflation pressures, the SARB began to raise the repo rate gradually, with ten periodic hikes since November 2021, reaching 8.25 percent in May 2023, the highest level since June 2016. The economy is suffering from low growth and high unemployment, but the authorities have prioritized maintaining price and financial stability. This has neglected the need to support the economic recovery and the livelihoods of the people. The global crisis caused by Russia's invasion of Ukraine had a significant impact on inflation in 2022 and the first quarter of 2023. The average inflation rate in 2022 was 6.9 percent, up from 4.6 percent in 2021, mainly due to higher oil and food prices. In March 2023, inflation reached 7.1 percent, the highest level since April 2022. However, inflation started to decline from April to June, as food and transport prices eased. In June, inflation was back within the target range of 3-6 percent, at 5.4 percent. The outlook for inflation in 2023 is 5.3 percent, subject to global developments. The South Africa Reserve Bank (SARB) has gradually reduced the repo rate and provided liquidity to the financial sector and domestic markets. The SARB has reduced rates by 300 basis points so far in 2020, bringing the repo rate from 6.50 percent in 2019 to 3.50 percent in 2020, its lowest level ever. For this year 2021 The South African Reserve Bank (Sarb) repo rate remains unchanged at a record low of 3.5%, it has never been below 5% since the introduction of the modern repo system in the late 1990s. The policy decision to reduce the repo rate by the Reserve Bank in 2020 comes against the backdrop of the global Covid-19 pandemic and the subsequent economic lock-in, which has left the already weak South African economy bruised.

Overall, the South African rand (ZAR) weakened significantly against major currencies. The rand depreciated significantly against the US dollar, depreciating by 6.5 percent in 2022 and by another 4.7 percent in Q1 2023. The exchange value of the rand was negatively impacted by the effects of intensified electricity load-shedding on the domestic economic growth outlook as well as the “grey listing” of South Africa by the Financial Action Task Force (FATF), which triggered significant capital outflows. In addition, the allegations by the US that South Africa is providing weapons and ammunition to Russia also resulted in the Rand depreciating significantly. The strong US dollar, driven by global monetary tightening, also contributed to the rand’s depreciation. South Africa’s external position remains strong, with gross international reserves rising to 5.3 months of import cover (USD 61.9 billion) as of March 2023, up from 4.9 months at the end of 2022 (compared to 5.5 months in 2021). This increase reflects a foreign loan received by the national government and a higher US dollar gold priceThe South African rand (ZAR) weakened significantly against major currencies in the past year. The rand depreciated significantly against the US dollar, depreciating by 6.5 percent in 2022 and by another 4.7 percent in the first quarter of 2023. The exchange value of the rand was negatively impacted by the effects of intensified electricity load-shedding on the domestic economic growth outlook as well as the “grey listing” of South Africa by the Financial Action Task Force (FATF), which led to large capital outflows. In addition, the allegations by the US that South Africa is providing weapons and ammunition to Russia also resulted in the Rand depreciating significantly. The global monetary tightening that boosted the US dollar also played a role in the rand's decline. South Africa's external position remains strong, with gross international reserves rising to 5.3 months of import cover (USD 61.9 billion) as of March 2023, up from 4.9 months at the end of 2022 (compared to 5.5 months in 2021). This increase reflects a foreign loan received by the national government and a higher US dollar gold price.

According to the latest data from the South African Reserve Bank, the private sector credit extension (PSCE) in South Africa showed a robust growth of 7.7 percent year-on-year in 2022, reflecting the recovery of the economy from the pandemic-induced recession. The PSCE growth rate moderated to 1.8 percent in the first half of 2023, as the demand for credit slowed down amid rising interest rates and inflation pressures. The PSCE amounted to ZAR 4.27 trillion as of June 2023, accounting for 86.4 percent of the total domestic credit extension.

The broad money supply (M3) in South Africa also increased steadily in 2023, reaching ZAR 4.94 trillion by June, up from ZAR 4.77 trillion at the beginning of the year. The M3 growth rate was 11.2 percent year-on-year in June, slightly higher than the 10.3 percent recorded in May. The main components of M3 included currency in circulation (ZAR 139 billion), demand deposits (ZAR 2.49 trillion), other deposits (ZAR 1.5 trillion), and long-term deposits (ZAR 940 billion) in June 2023.

03. Debt Policy

Score du critère: 4.5

3. Debt Policy

Type de score	Valeur
Score de brouillon	4.5
Score révisé	4.5
Score de deuxième brouillon	4.5
Score final	4.5

Notes du pays:

The public debt-to-GDP ratio jumped to an estimated 71.1 percent of GDP in FY22/23 from 68 percent in FY21/22 and an average of 56.9 percent during FY17/18-20/21. The main drivers of the increase in public debt were higher interest rates, a weaker exchange rate, and high COVID-19 related public spending. Public debt is expected to keep rising, reaching 73.6 percent of GDP in FY25/26, reflecting depreciation of the South African rand (ZAR), weak domestic growth and the government provision of large-scale debt relief to the Electricity Supply Commission (Eskom), totalling ZAR254 billion (USD14 billion) announced in the 2023 budget. However, it is projected to stabilize thereafter, due to improved economic growth and fiscal position. Interest payments on the debt also steadily increased to 4.6 percent of GDP (14% of total budget) in The ratio of external public debt to GDP is low in FY22/23, at 8.1 percent, which is within the legal limit of 15 percent set by South Africa's fiscal rules. This means that the exposure to foreign currency fluctuations is low. However, there was a significant increase in external debt from 6.6 percent of GDP in FY21/22 and an average of 5.9 percent in FY17/18-20/21, mainly due to the large borrowing from international financial institutions to cope with the urgent funding needs caused by the pandemic. FY22/23 from 3.2 percent in FY17/18, while the debt service-to-revenue ratio stood at 18 percent in FY22/23. The Debt Sustainability Analysis for South Africa conducted by the IMF in January 2022 concluded that the public debt outlook remained challenging, citing risks to debt sustainability stemming from the uncertain nature of the economic recovery, possible global financial tightening, additional spending pressures, and large SOE liabilities. These risks highlight the need for South Africa to firmly implement policies aimed at addressing underlying fiscal and structural weaknesses to maintain debt sustainability. The South African National Treasury published an annual Debt Management Report, which gives comprehensive information on how the country manages its debt. The report covers various aspects of debt management, such as the South African debt capital market, the borrowing requirement and financing of the national government, holdings of government debt instruments, and the government debt portfolio and risk metrics. [1] International Monetary Fund, South Africa IMF Country Report No.20/226, July 2020.In 2019, the public debt was US$78 billion, a record 63 per cent of GDP. In 2020 the Public debt rose sharply as a result of large fiscal stimulus measures and falling tax revenues. it grew from 83.5 per cent of GDP in 2019 to 97.6 per cent of GDP in 2020 (National treasury Book Page 15). Regarding the year 2021, the Government Debt increased to 84435 USD Million in the second quarter from 76176 USD Million in the first quarter of 2021(Source: Trading Economics) which is 80.78% of GDP. The National Treasury projects that this ratio will rise to 88.9% in 2023 but expected to stabilise at 88.9 per cent of GDP in 2025/26 - down from a projected 95.3 per cent of GDP estimated in the 2020 MTBPS. This is as a result of a decline in the tax revenue shortfall since the tabling of the MTBPS, which resulted in improved cash balances. This trend and trajectory are a cause for concern but should be understood holistically. Firstly, both the most recent and projected medium-term increase are largely a result of the COVID-19 crisis and have been evident in nearly all countries globally. Secondly, austerity measures should be recognised as having contributed to this problem by shrinking the denominator (GDP). Finally, the ratio is not necessarily the best measure of debt health. The growth in spending in 2020 has further increased overall economic risks, and with them borrowing costs throughout the economy. As a result of the COVID-19 pandemic, the 2020/21 budget deficit increased by R235.4 billion relative to the 2020 Budget estimate. Loan redemptions increased, mainly due to the weaker currency. As a result, the gross borrowing requirement rose from a projected R432.7 billion to R670.3 billion for 2020/21, or from 8.0 to 13.6 per cent of GDP. The borrowing requirement is expected to decline over the medium term, reaching 9.0 per cent of GDP in the outer year. Over the same period, loan redemptions will increase from R66.9 billion to R152.7 billion (National treasury). Borrowing to support the response to the coronavirus has increased the global stock of sovereign debt.Several SOEs could pose risks to the public finances because of the sovereign guarantee and associated contingent liability for the government. As the country grapples with the effects of the Covid-19 pandemic on its economic recession, the risk posed by inefficient SOEs has increased significantly. Over the period 2020-2022, the government has planned to transfer R112 billion to Eskom to enable the utility to meet its short-term financial obligations; R3 billion in equity for the Land Bank; and R27 billion has been set aside for South African Airways (SAA) to repay secured debt, interest costs and obligations to staff and customers.In the medium term, debt service is the fastest growing expenditure item. The Medium Term Budget Policy Statement (MTBPS) released on October 28, 2020 states that "debt service consumes 21 cents of every rand of core budget revenue." Interest payments on the debt increased from 3.3% of GDP in 2016/17 to 4.8% or R233 billion in 2020/21 and are expected to reach R353.1 billion or 5.9% of GDP in 2023/24. s. In 2020/21, debt-service costs were revised upwards by R3.6 billion due to the higher borrowing requirement while the 2020 MTBPS indicated that, as a share of expenditure, the cost of servicing debt is expected to increase from 12.9% in 2020/21 to 18.3% in 2023/24.In 2020, all three major rating agencies (Standard & Poor's, Fitch, and Moody's) downgraded South Africa's local and foreign currency credit ratings to below investment grade. The main reasons for this are that the country has long had problems with its workforce and state-owned enterprises. While the coronavirus pandemic is mentioned in reports, the bulk of the downgrade lies in the country's other fundamentals. As a result, South African government bonds were excluded from the FTSE World

Government Bond Index (WGBI) on May 1, 2020. As a result, the downgrade reduced the number of potential investors in South African government bonds, which negatively impacted the government's long-term borrowing costs.The medium-term fiscal policy statement (MTBPS) for 2020 proposes measures to reduce the budget deficit and stabilize the debt-to-GDP ratio over a five-year period. Increased calls on the guaranteed debt of state-owned enterprises

(B) Structural Policy

Score du cluster: 5.111

04. Policies and Institutions for Economic Cooperation, RI and Trade

Score du critère: 5

4.a. Regional Integration and Economic Cooperation

Type de score	Valeur
Score de brouillon	4.5
Score révisé	4.5
Score de deuxième brouillon	4.5
Score final	4.5

Notes du pays:

According to the 2021 Africa Regional Integration Index, South Africa is the most integrated country in Africa with a score of 0.67. The country excels in the productive integration dimension, scoring 0.99, and in the infrastructure dimension, scoring 0.898. South Africa is a part of the Southern African Development Community (SADC), the Southern African Customs Union (SACU) and the Common Monetary Area (CMA).The country has also advanced its regional integration by signing and ratifying the African Continental Free Trade Agreement (AfCFTA),which seeks to create a single market for goods and services across Africa. Additionally, South Africa is part of the BRICS group of emerging economies, which includes Brazil, Russia, India, China and South Africa, and engages in strategic partnerships and dialogue with these countries.

As a member of various regional groupings, South Africa has a significant role to play. For instance, in SACU, the International Trade Administration Commission of South Africa (ITAC), a government agency, sets the common external tariff (CET) in coordination with the relevant authorities of other member states until the SACU Tariff Board is established. South Africa also administers the SACU common revenue fund on behalf of members and distributes the revenues to each member based on a transitional arrangement formula. The rand, South Africa's currency, is accepted in the CMA countries, Namibia, Swaziland, and Lesotho, where their national currencies are fixed to it on a one-to-one basis.

SADC's regional integration process has faced many challenges and delays. The Customs Union, which was supposed to be a key step towards integration, has been postponed several times, from 2010 to 2013 and then to 2020, without being achieved. One of the main reasons for this is that SADC countries are also members of other customs unions, which creates a conflict of interest. A country cannot belong to two customs unions at the same time. Another reason is that SADC countries have not agreed on a common external tariff, which is essential for forming a customs union. There are about 11 different tariff policies in the SADC region. The failure to establish the SADC Customs Union has also affected the progress of other integration goals, such as the SADC Common Market and Monetary Union.

The U.S. can export up to 65,000 tons of chicken leg quarters per year to South Africa without paying anti-dumping duties, according to a Tariff-Rate Quota (TRQ) deal signed in 2015. Half of this quota is for historically disadvantaged importers. The imports must have a health certificate and a quota permit from the South African authorities. South Africa raised the tariff on bone-in chicken portions from 37 to 62 percent and on frozen boneless chicken cuts from 12 to 42 percent. This does not affect poultry imports from the EU and SADC. A Poultry Sector Master Plan (PMP) Council was formed in 2019 to oversee the implementation of a PMP that was agreed by the South African Government, poultry industry, unions, and importers.

The World Bank's latest data shows that South Africa has a high degree of trade openness, with trade representing about 87 percent of its GDP in 2020, up from 73 percent in 2019. As the global economy recovered from the COVID-19 pandemic, South Africa's exports grew by about 3.3 percentage points to 33.4 percent of GDP in 2022, while its imports increased by about 6.4 percentage points to 31.5 percent of GDP in the same year, reflecting a rebound in domestic demand. The current account balance, which had temporarily turned positive in 2020 and 2021, returned to its usual deficit of 0.5 percent of GDP in 2022. In the first quarter of 2023, the current account deficit improved to 1 percent of GDP from 2.3 percent in the previous quarter, mainly due to a larger trade surplus as exports grew faster than imports, which offset the deterioration of the services, income and current transfer balance as payments exceeded receipts.

4.b. Trade restrictiveness

Type de score	Valeur
Score de brouillon	5.0
Score révisé	5.0
Score de deuxième brouillon	5.0
Score final	5.0

Notes du pays:

The five countries of South Africa, Botswana, Eswatini, Lesotho and Namibia belong to two regional organisations: SACU and SADC. In SACU, there are no tariffs on trade within the union and a common tariff for goods from outside the union. SADC is a larger group of 16 countries that aims to promote economic integration and cooperation. Most of the SADC members have a free trade agreement (FTA), except for Comoros, Angola, and DRC. The CMA is a smaller arrangement that includes Lesotho, Namibia, South Africa, and Swaziland. These countries have no exchange controls among themselves, but they do with the rest of the world. One of the achievements of the regional integration is the reduction of the cost of sending money across borders by 7 percentage points, from 20 percent to 13 percent, in the corridor between South Africa and DRC, Eswatini, Lesotho, Malawi, and Mozambique. However, there is still room for improvement to reach the global target of 5 percent.

In 2022, Asia (mainly China) was South Africa's largest trading partner, accounting for 39 percent of its total trade, followed by the EU (excluding the UK, 22%), Africa (16%) and America (11%). South Africa is the biggest trading partner with SADC countries, accounting for 45 percent of total intra-SADC trade, 66 percent of intra-SADC exports, and 23 percent of intra-SADC imports. In terms of South Africa's intra-Africa total trade, SADC (excluding SACU) accounted for 42 percent, followed by SACU (41%), and the rest of Africa (17%). The bulk of South Africa's intra-Africa top imports are mineral products accounting for 45 percent, followed by textiles (10%), precious metals, chemicals, prepared foods (8% each), and other products (21%). The country's intra-Africa top export products in 2022 were mineral products (19%), machinery (16%), chemicals (11%), products of iron and sheet (9%), prepared foodstuffs (9%) and other products (36%). With the bulk of its exports concentrated in technologically less-sophisticated resource based primary products, South Africa was ranked 54th out of 127 countries in the 2020 Economic Complexity Index.

According to the U.S. Department of Commerce, South Africa has different tariffs for different trading partners, depending on the trade agreements it has signed with them. For example, it has an Economic Partnership Agreement (EPA) with the EU and the UK, which gives preferential access to some products. South Africa is also part of the AfCFTA and the SACU, which aim to promote regional integration and trade. SACU members share a common tariff and excise policy for imports from non-members, but they do not have rules of origin for intra-SACU trade. The SACU policy needs to be revised, as it is often seen as complex and inconsistent. The SACU CET, which applies to imports from other countries, is determined by South Africa as a member of SACU. The ITAC handles tariff investigations, changes, and trade remedies for South Africa and SACU. The ITAC and South Africa follow the most-favoured-nation (MFN) tariffs that are common to all SACU members.

South Africa has made significant changes to its tariff system since 1994, lowering the average tariff rate from over 20 percent to 7.1 percent in 2020. However, the WTO reports that the average rate increased to 7.6 percent in 2022. Importers have expressed dissatisfaction with the complexity of the tariff schedule, which has about forty different rates. Most tariffs are between 0 and 30 percent, but some items, such as most apparel, have higher rates. South Africa has converted most of its specific and composite duties to ad valorem rates, except for some sectors like textiles and clothing. The tariffs for these products are: apparel 40 percent, yarns 15 percent, fabrics 22 percent, finished goods 30 percent, and fibers 7.5 percent. The tariffs for vehicles and automotive components will stay at 25 percent for light vehicles and 20 percent for components until 2035.

Non-tariff barriers (NTBs) exist in South Africa. According to the U.S. Department of Commerce, protective tariffs as a barrier to trade in South Africa include port congestion, technical standards, customs valuation above invoice prices, theft of goods, import permits, antidumping measures, violations of intellectual property rights (IPR), an inefficient bureaucracy, and excessive regulation, and requirements to localize supply chains.

The U.S. can export up to 65,000 tons of chicken leg quarters per year to South Africa without paying anti-dumping duties, according to a Tariff-Rate Quota (TRQ) deal signed in 2015. Half of this quota is for historically disadvantaged importers. The imports must have a health certificate and a quota permit from the South African authorities. South Africa raised the tariff on bone-in chicken portions from 37 to 62 percent and on frozen boneless chicken cuts from 12 to 42 percent. This does not affect poultry imports from the EU and SADC. A Poultry Sector Master Plan (PMP) Council was formed in 2019 to oversee the implementation of a PMP that was agreed by the South African Government, poultry industry, unions, and importers.

4.c. Customs/trade facilitation

Type de score	Valeur
Score de brouillon	5.5
Score révisé	5.5
Score de deuxième brouillon	5.5
Score final	5.5

Notes du pays:

The Southern Africa region relies on the ports and transport infrastructure of South Africa to connect with global markets and the domestic industrial centers such as Durban, Port Elizabeth and Johannesburg through major corridors. The performance of the ports affects the competitiveness of South Africa's exports in the world and in Africa. For instance, the Durban Port is a regional hub for the Southern Africa region, making it a vital node for trade for both the Southern Africa region and the hinterland regions of South Africa. However, the Durban Port and the Port Elizabeth rank among the worst 10 out of 370 ports surveyed globally by the World Bank's Port Performance Index of 2021, and lag behind other ports in the region (Walvis Bay, Beira Port). Efficient ports reduce the costs of imports, including inputs and equipment needed in manufacturing export products, so poor port performance harms the competitiveness of the country's exports due to higher trade costs. This is worsened by inefficient border processes between South Africa and neighbouring countries that increase the already high transportation costs.

Beitbridge is a vital land border between South Africa and Zimbabwe that connects the port of Durban with several landlocked SADC countries (Botswana, DRC, Malawi, Zambia, and Zimbabwe). It also serves as a key route for exporting South African goods to other regions in SADC and central Africa, thus enhancing intra-Africa trade. However, Beitbridge has been plagued by long delays and inefficiencies, with truck drivers waiting for days to clear their cargo and facing long queues. This not only increases the cost of cross-border trade, but also creates serious health and safety hazards for the border users and staff.

The Government of the Republic of South Africa is implementing several reforms to enhance competitiveness and facilitate increased intra-Africa trade by improving the conditions at this border and other border posts. Some of the reforms are developing National One Stop Border Post (OSBP) Policy with the Bank's support in 2015; establishing the Border Management Authority which is currently being operationalised; and engaging with the Government of Zimbabwe to improve conditions at Beit Bridge Border Post including establishment of OSBP, for which a joint working group has been established and procurement for rehabilitations of the border is underway. The South African Revenue Services (SARS) has also been implementing a comprehensive Customs Modernisation Programme since 2010, which has resulted in enhanced ICT capabilities, further streamlining of border processes and implementation of the Preferred Trade Programme in collaboration with SACU countries among other trade facilitation measures .

Companies face a moderate risk of corruption when they import or export goods in South Africa. There are cases of irregular payments and bribes at ports or borders that affect trade. The time and costs of cross-border trade are similar to the regional average. Import tariffs are simplified and South Africa is one of the most open economies in the world, ranking 34th out of 141 countries in border clearance efficiency according to the Global Competitiveness Report 2019 (the most recent GCR).

SARS is a key player in the implementation of the World Trade Organization (WTO)'s Trade Facilitation Agreement (TFA), which aims to improve trade efficiency and transparency across borders. As part of its strategic intent 2020-2025, SARS strives to create a Tax and Customs system that encourages voluntary compliance and enforces the rules when necessary. One of the ways SARS is implementing this is by providing clear and simple guidance to taxpayers and traders on their Tax and Customs obligations and the consequences of non-compliance. SARS also recognises the need to measure its performance in trade facilitation against international standards. Therefore, SARS plans to develop a Trade Facilitation Index (TFI) for the organisation (a tool to measure and improve the efficiency and effectiveness of SARS's trade facilitation services), establish a baseline, and set future targets in the 2022/23 Financial Year. So far, a study was conducted to establish a baseline TFI and to design a methodology to monitor and evaluate the TFI over time. The study also provided recommendations for SARS to enhance its performance on the 11 trade facilitation indicators that were assessed.

05. Financial Sector Development

Score du critère: 5.5

5.a. Financial stability

Type de score	Valeur
Score de brouillon	5.5
Score révisé	5.5

Score de deuxième brouillon	5.5
Score final	5.5

Notes du pays:

The country has a well-established and effectively regulated banking system, in addition to its central bank, the South African Reserve Bank (SARB).South Africa signed into law the Financial Services Regulation Bill (also known as the Twin-Peaks model of financial regulation) on 21 August 2017. The Bill creates two brand new financial sector regulators: (1) the Prudential Authority; and (2) the Financial Sector Conduct Authority. The first is responsible for regulating the prudential aspects of banks and all non-bank financial institutions, and the second for regulating market conduct and fair treatment of financial consumers. The South African Reserve Bank (SARB) oversees the two regulatory bodies and provides overall financial sector regulatory oversight.

As the sovereign creditworthiness has deteriorated, banking sector exposures to the sovereign have increased. Sovereign exposures account for more than 15% of total banking sector assets, having roughly doubled over the past 12 years. Therefore, deteriorating fiscal metrics in the Covid-19 period appear to have translated into adverse investor perceptions of the banking sector's creditworthiness.

The South African banking sector remained sound, with banks holding adequate levels of capital well above the minimum regulatory requirement. The implementation of Basel III has significantly enhanced the capital position of the South African banking sector. The total capital adequacy ratio (CAR) of the banking sector has increased by more than a third since 2008. Total capital adequacy data was reported at 17.8% in March 2023 with the Tier 1 CAR at 15.10%[1]. The total CAR decreased slightly from 17.91 in June 2021. The Non-performing loans have increased and are above the long-term average.

South Africa's six systemically important financial institution (SIFI) banks are highly exposed to the local economy. Therefore, the gradual slowdown in domestic economic growth has been a key driver of the lower RoE. RoE declined slightly from 15.31 to 14.91 between 2019 2023. The return on assets (RoA) improved from a low of 0.79 in 2020 to 1.13 in 2023 but remained the RoA of 1.24 in 2019.

The banking sector has built-up significant capital and liquidity buffers over the past decade. As a result of enhancements to financial regulation, domestic banks have become significantly more resilient, placing them in a strong position leading into the COVID-19 shock. With these large buffers in place, the SARB has been able to provide temporary regulatory relief to banks without compromising on the longer term stability of the financial sector, The PA reduced the liquidity coverage ratio (LCR) requirement for banks, from 100% to 80%.30 The LCR requires banks to hold sufficient high-quality liquid assets (HQLAs) to cover a 30-day period of liquidity stress (high levels of funding withdrawals). Despite the reduction in the required LCR, the banking sector has significantly increased its liquidity buffers in 2023. As of March 2023, the LCR for the total banking sector was 149.8% - up from 144.1 in 2021[2].

South Africa was greylisted by the Financial Action Task Force in February 2023 since the country has not completely complied with international standards to prevent money laundering, terrorist and proliferation financing. The findings indicate that loopholes in the financial sector legal architecture exist even though some action is already taken to address the shortcomings. However, the grey listing could prevent foreign investors from investing in South Africa because of uncertainties caused by the grey listing. This could result in medium- to longer term risks for the stability of the financial sector. The identified risks need to be addressed in time before the next FATF assessment in 2025.South Africa was greylisted by the Financial Action Task Force in February 2023. This could result in medium- to longer term risks for the stability of the financial sector. The identified risks need to be addressed in time before the next FATF assessment in 2025.

[1]https://www.ceicdata.com/en/south-africa/banking-performance-indicator/banks-total-capital-adequacy

[1] South African Reserve Bank, 2023, Financial Stability Review – First edition 2023.

[2] South African Reserve Bank, 2023, Financial Stability Review – First edition 2023.

5.b. Sector's efficiency, depth, and resource mobilization strength

Type de score	Valeur
Score de brouillon	5.5
Score révisé	5.5
Score de deuxième brouillon	5.5
Score final	5.5

Notes du pays:

The country has a well-established and effectively regulated banking system, in addition to its central bank, the South African Reserve Bank (SARB). The South Africa financial sector comprises of 36 Banks (19 registered and 17 branches of foreign Banks); 31 Mutual and Co-operatives, 170 insurance entities (76 Life insurers, 83 non-life insurers, 9 reinsurers and 2 others) and 9 market infrastructures' entities. According to the SARB, South Africa's banking sector is dominated by the five largest banks, which collectively hold 90% of total banking assets in the country, valued at approximately R5.8 trillion as at March 2021 (March 2020: 89.4%). The five largest banks in South Africa based on total assets are: Standard Bank, FirstRand; Absa, Nedbank and Investec. Local branches of international banks accounted for 5.9 % of banking sector assets at the end of March 2021 (March 2020: 7.0 %) while other banks represented 4.0 % at the end of March 2021 (March 2020 : 3.6 %). The total banking sector assets grew by 16.36% year on year to R6 579 billion at the end of March 2020 (March 2019: R5 654 billion).

The co-operative financial sector consisted of 4 cooperative banks and 23 CFIs, as at the end of February 2020. In order for a CFI to apply for registration as a co-operative bank it must, at least, meet the minimum requirements (i.e. have at least 200 members and ZAR1 million in deposits).The Total assets in respect of CFIs continued to grow in 2020, ending the financial year-end of February 2020 at an annualized growth rate of 11%. The Net loans amounted to R111 million for the period under review, and decreased by 1% from the R112 million reported in February 2019. The CFIs assets remained concentrated, with the three largest CFIs contributing 85% in February 2020 to the overall sector net loans. The CFIs Net loans for the period under review amounted to R156 million, a 15.74% increase from February 2019 due to higher loan issuance across the portfolio. The sector remained adequately capitalized with a CAR of 15.73% as at February 2020 which is well in excess of the 6% minimum requirement. Delinquent loans accounted for 3.75% of the co-operative banking sector's gross loans as at the end of February 2020, a decline of 6% when compared to February 2019. The sector continued to provide sufficiently for potential losses in accordance with regulatory requirements during the review period.

South Africa, as a member of the Group of twenty (G20), supports the global regulatory reforms and is committed to implementing them timeously. South Africa was among the 'early adopters' of the Basel III reforms in January 2013. South Africa is already compliant with the most important capital, leverage and liquidity rules, and has imposed additional requirements for domestic systemically important banks.

On 20 April 2020, the President of the Republic of South Africa announced the formation of a Loan Guarantee Scheme to assist qualifying small and medium-sized businesses (with an annual turnover of less than R300 million) impacted by the COVID-19 pandemic and associated lockdown. The COVID-19 loans are offered at a single, agreed lending rate by all banks participating in the scheme. In 2020, the central bank has reduced the repurchase (repo) rate by 300 basis points and maintained the repo rate at 3.5% until October 2021. Until June 2022 SARB increased the repo rate in steps by a combined 125 basis points before it switched to a more aggressive monetary policy. From July 2022 until May 2023 it increased the leading interest rate by a combined 275 basis points to 8.25%, where it remained at the end of September 2023.

The JSE is one of the top 20 exchanges in the world in terms of market capitalization. The JSE offers a fully electronic, efficient, secure market with world-class regulation, trading and clearing systems, settlement assurance and risk management. The JSE have achieved the target of 3 Broad-Based Black Economic Empowerment (BBBEE) status for 2019 needed for economic inclusion. The biggest impact of the downgrade is seen in the bond market with South African government bonds having fallen out of the World Government Bond Index (WGBI), during the April 2020 rebalancing. According to National Treasury data, foreign investors own 37%, which is approximately R780 billion, of South Africa's local currency bonds.

The JSE All Share Index of teh Johannesburg Stock Exchange rose from a low of about 38,000 in March 2020 to 72,383 at the end of September 2023. This represents an increase by 13.6% compared to the end of September 2022[1].

The JSE Market Capitalization, or total value of all shares of all securities traded on the Johannesburg Stock Exchange was ZAR18.5 trillion on 29 September 2023 only slightly up by 0.19% compared to end of September 2022. The JSE remains the largest stock exchange by market capitalization in Africa and the 17th largest stock exchange in the world. It has been operating as a marketplace for the trading of financial products for 135 years.

[1] JSE Markets Weekly Statistics 20230929.

5.c. Access to financial services

Type de score	Valeur
Score de brouillon	5.5
Score révisé	5.5
Score de deuxième brouillon	5.5
Score final	5.5

Notes du pays:

In 2020, the South African Government developed a policy document on “Inclusive financial sector for all”. The objective of the document is to establish the policy framework for financial inclusion in South Africa and to sketch the approach to its implementation. The document outlines Government’s policy to shape regulatory approaches, the evolving Financial Sector Code (FSC), and sector market practices in general.

In 2021, the government financial sector policy will focus on sustainably supporting the recovery. Effective policies to address structural challenges facing the sector could result in a faster and more durable economic recovery. These include harnessing financial technologies to broaden and deepen financial inclusion and promoting the sector’s contribution to a green economy. Measures to ensure financial stability to support the financial sector during the pandemic, the Prudential Authority – which regulates banks and the broader financial sector – announced a temporary relaxation of regulations to support businesses and regulated financial institutions. These measures included: • Lowering the minimum capital and liquidity coverage ratio requirements for banks. • Reducing capital requirements for loans that banks restructured to assist their customers and guiding banks on the application of expected credit loss provisioning and accounting practices. • Advising banks to refrain from paying bonuses and dividends. • Monitoring banks’ operational risk and business continuity more closely to ensure the health and safety of staff and customers. • Extending financial and regulatory reporting timelines for financial institutions affected by strict lockdown restrictions. Measures to help customers The Financial Sector Conduct Authority (FSCA), which regulates the market conduct of financial sector institutions, implemented measures to support customers and regulated entities. These measures included relaxing regulatory reporting timelines for entities. To ensure that customers were treated fairly, the FSCA communicated its expectations of COVID-19- related conduct to financial institutions.

The South African financial services sector, particularly the banking sector, has established a well-developed financial services network, including making extensive use of technology. According to the Banking Association of South Africa, more than 90 per cent of all households have access to a physical point of presence within a 10 km radius. Physical points of presence comprise bank branches, ATMs and point-of-sale payment devices. The number of branches has been stagnant over the last few years, presumably due to the high cost of setting up a traditional bank branch.

85% of South Africa’s adult population had a bank account in 2021 compared to a global average of 76%. There was no significant gender gap, while globally 78% of men and 74% of women had a bank account [1].

In 2018, large banks' balance sheet exposure to black small and medium enterprises (SMEs) increased by 13% to R28.8bn; black agricultural financing increased by 41% to R4.5bn; and spending on supplier development almost doubled to R795m. Automated teller machines (ATMs) (per 100,000 adults) in South Africa was reported at 65.31 ATMs in 2019, according to the World Bank collection of development indicators. South Africa's leading ATM deployed in Africa with over 4,300 ATMs across the Country.

In 2019, the number of registered credit providers in South Africa (6,191) is much higher in relation to other financial services providers, as it is easier to register as a credit provider compared to acquiring a banking or insurance license. However, in terms of the overall gross debtor's book, the credit market in South Africa is still dominated by the banking sector, which holds just over 79% share of the total book. Of concern is the high prevalence of unregistered credit providers, who serve the most economically vulnerable South Africans, often with harmful lending and debt collection practices. (2020 National Report on financial inclusion strategy).

On May 12, 2020 The Government and the Banking Association of South Africa have launched the special government-backed Covid-19 loans scheme. The objective is to provide loans, guaranteed by the government, to eligible businesses with an annual turnover of less than R300 million ($16.2 million) to help them meet some of their operational expenses. Initially, the National Treasury has provided a guarantee of R100 billion ($5.4 billion) to this scheme, with the option to increase the guarantee to R200 billion ($10.8 billion) if necessary and if the scheme is deemed successful.

The microfinance sector in South Africa is a large and growing sector of the national economy. It aims to bring access to financial services to the poor and unemployed by assisting them in setting up income generating micro businesses. According to Microfinance Barometer 2019 the number of MFIs was 248 institutions and the credit portfolio was USD 48.3 billion. 89% of clients of MFIs are women.

[1] Banking Association of South Africa, 2023, Transforming in Banking Report 2022.

06. Business Regulatory Environment

Score du critère: 4.833

6.a. Regulations affecting entry, exit, and competition

Type de score	Valeur
Score de brouillon	4.5
Score révisé	4.5
Score de deuxième brouillon	4.5
Score final	4.5

Notes du pays:

South Africa has a vibrant private sector, generating more than 75% of the country's GDP. The overall business environment is comparatively well developed but significant challenges remain.

According to the 2023 World Competitiveness Ranking,South Africafell by one rank to be ranked 61 out of 64 countries rated by the IMD. In 2022, the country was ranked 60 out of 64 countries, while it was ranked 62 out of 64 countries in 2021. From this observation, it appears that the country's competitiveness has not really improved since 2020 when it ranked 59[1]. The IMD's World Competitiveness Yearbook (WCY) is an annual report recognized internationally as the leading survey ofcompetitivenessbetween nations, in particular since the discontinuation of the World Bank's Doing Business Report and the revised methodology of the World Economic Forum's Global Competitiveness Report. South Africa was ranked best in terms of Business Efficiency at rank 54, which was the only component showing a continuous improvement since 2021 (58). While the country was also ranked better in terms of Government Efficiency – 59 in 2023 compared to 61 in 2021 – the 2023 ranking was a deterioration compared to 2022 (53). Economic performance was ranked equally 61 in 2021 and 2023, while the ranking of Infrastructure dropped by one rank compared to 2021 and by two ranks in 2022 to 62 in 2023. According to the IMD's 2023 WCY, the drop in South Africa's global competitiveness ranking was underpinned by the following factors: High unemployment and inequality; high public debt levels and shrinking fiscal space; ongoing electricity supply problems and rolling blackouts; lack of decisive plans to address economic structural problems; and deterioration of governance and sustainability of public institutions.

The South African Amended Competition Act, 2009, seeks to address anti-competitive conduct, restrictive practices such as price fixing, predatory pricing and collusive tendering as well as abuses by dominant firms, that is, firms with a market share of 35% or more. The regulatory measures also include criminal sanctions against cartel conduct, or tacit consent to such conduct; a market inquiry provision to inquire into the state of competition in a particular market; and leniency provisions which protect whistleblower firms or individuals.

The Competition Commission (Commission) is one of three independent statutory bodies established in terms of the Competition Act, No. 89 of 1998 (the Act) to regulate competition between firms in the market. The other bodies are the Competition Tribunal (Tribunal) and the Competition Appeal Court (CAC). The Commission is the investigating and prosecuting agency in the competition regime while the Tribunal is the court. The CAC hears appeals against decisions of the Tribunal. Although each of the bodies functions independently of each other and of the State, the Commission and Tribunal are administratively accountable to the Economic Development Department (EDD), while the CAC is part of the judiciary.

The country is among the region's most innovative ranked 59th in the 2023 Global Innovation Index representing an improvement by two ranks compared to 2021. South Africa ranks 12th among the 34 upper middle-income group economies and 2nd among the 27 economies in Sub-Saharan Africa behind Mauritius.

The South African Government offers various incentive schemes to stimulate and facilitate the development of sustainable, competitive enterprises. A variety of these incentive schemes seek to support the development or growth of commercially viable and sustainable enterprises through the provision of either funding or tax relief. Most of the incentives are within the Department of Trade, Industry and Competition. The Department of Trade, Industry and Competition (DTIC) is the national investment and economic development arm of the South African government. The DTIC's purpose is, inter alia, to increase foreign investment in South Africa through the promotion of investment, trade and enterprise development. The DTIC provides economic incentives to qualifying companies for various economic activities such as manufacturing, business competitiveness, export development and market access as well as foreign direct investment. Also, all 9 of South Africa’s provinces have Provincial Investment Agencies. Various transformation charters in varied economic sectors plus the Broad-Based Black Economic Empowerment (B-BBEE) have significant effect on local and foreign investment.

InvestSA is a division of the South African Department of Trade, Industry, and Competition (DTIC). It supports investors exploring opportunities in South Africa by helping with information, facilitation and aftercare. The One Stop Shops of InvestSA provides practical assistance to streamline the process of setting up a business. The strategic focus of InvestSA was recognized among global Investment Promotion Agencies (IPAs) with the UNCTAD Investment Promotion Award for excellence in boosting investment in sustainable development sectors in October 2018. InvestSA and the World Bank Group Launched in 2019 an advisory services partnership aimed at improving the business environment for domestic entrepreneurs and undertaking policy and institutional reform to enhance foreign direct investment inflows on 11 March 2019. The partnership was to focus on three key reform areas – business regulation, investment policy and promotion, and market regulation and competition policy.

[1] IMD, 2023, World Competitiveness Ranking - https://www.imd.org/centers/wcc/world-competitiveness-center/rankings/world-competitiveness-ranking/2023/

6.b. Regulations of ongoing business operations

Type de score	Valeur
Score de brouillon	5.0
Score révisé	5.0
Score de deuxième brouillon	5.0
Score final	5.0

Notes du pays:

The South African Competition Commission regulates the anticompetitive behavior as well as mergers and acquisitions among ongoing businesses. Various state’s regulators set price levels for essential services such as electricity, water and fuel. In 2017, the Financial Intelligence Centre Amendment Act was passed and came into force. In 2019-2020, this has tightened regulation around beneficial ownership disclosure to address, among other issues, the use of shell companies in fraudulently accessing government tenders. It prevents organizations from entering a business relationship with a client when ultimate beneficial owners cannot be identified.

In the Economic Freedom Report by the Fraser Institute, South Africa has shown some improvement in 2022 ranking 94 globally compared to 99th in 2021. South Africa ranked well in terms of Legal Systems and Property Rights (59) and modestly in Regulations (91). However, the Size of Government (119) and Freedom to trade internationally (103) were identified as weaknesses[1].

The 2023 Index of Economic Freedom compiled and published by the Heritage Foundation classified South Africa as 'mostly unfree' with a rank of 116 globally and 17 in Africa. The country improved the score in the component 'Open Markets' with a trade-weighted tariff average of 6.3% while the scores for Investment and Financial Freedoms remained unchanged. The Tax Burden under the component 'Government Size' also improved, but the Government spending and Fiscal health both deteriorated. Of concern is the overall decline of the Rule of law with Judicial effectiveness, Government Integrity and Property Rights all ranked lower than before[2].

[1] Fraser Institute, 2022, Economic Freedom - https://www.fraserinstitute.org/economic-freedom/map?geozone=world&page=map&year=2021&countries=ZAF

[2] Heritage Foundation, 2023 Index of Economic Freedom - https://www.heritage.org/index/country/southafrica

6.c. Regulations of factor markets (labor and land)

Type de score	Valeur
Score de brouillon	5.0
Score révisé	5.0
Score de deuxième brouillon	5.0
Score final	5.0

Notes du pays:

Land ownership has always remained an emotive issue in South Africa. The 1913 Natives' Land Act excluded black South Africans from the ownership of some 90% of the country's land. By 1994, about 87% of the land was owned by the white population and 13% by black people who accounted for 80% of the population of the country. By 2012, almost 7.95m hectares had been transferred to black owners through land reform. This represented only 7.5% of formerly white-owned land. The majority of the black population have been uprooted from rural agricultural land during the apartheid regime and live in Townships/informal settlements without access to land even if they decide to go back to rural areas and engage in agricultural activities.

On Oct 1, 2020, the Agriculture, Land Reform and Rural Development ministry announced plans to distribute agricultural state land as part of the government's land reform programme: Eastern Cape (43,000 ha); Free State (8,333 ha); kwazulu-Natal (3,684 ha); Limpopo (121,567 ha); Mpumalanga (40,206 ha); Northern Cape (12,224 ha); North West (300,000 ha). Gauteng and Western Cape have no land to be advertised. Priority within the target group will be given to women, youth and people with disabilities. A successful applicant must operate the land for the duration of 30-year leasehold, with an option to buy. They must also demonstrate a basic capacity to work the land. Bias will be shown to people who have farming experience of at least three to five years will be prioritsed. The training programme will include entry-level training on the commodity of their choice, basic record keeping, and basic financial management as well as enterprise development. Beneficiaries will pay a monthly or annual rental fee per hectare determined by the state, consistent with the value of the land in line with area valuation.

To register a property in South Africa the procedure is the following i) Obtain a rates (taxes) clearance certificate from the local authority, ii) The conveyancer obtains power of attorney, appointing him/her to appear before the Registrar of Deeds, iii) Obtain an electrical compliance certificate, iv) Obtain a transfer duty receipt from the South African Revenue Services; v) The conveyancer performs a title search using a licensed third-party software to ensure that the property exists and that the seller is the rightful owner, vi) The parties bring all original documentation already sent for purposes of preparation of the conveyancing, and the conveyancer makes certified copies.

(C) Policies for Social Inclusion/Equity

Score du cluster: 4.813

07. Gender Equality

Score du critère: 4.667

7.a. Promotion of equal access for men and women to human capital development opportunities

Type de score	Valeur
Score de brouillon	5.0
Score révisé	5.0
Score de deuxième brouillon	5.0
Score final	5.0

Notes du pays:

South Africa's performance is relatively weak in terms of human development indicators compared to its BRIC peers. South Africa is ranked 109 out of 189 countries in the 2021-22 UNDP Human Development Index representing an improvement by four places compared to 2019. South Africa is ranked behind other BRICS countries including Russia (52nd), China (79th), Brazil (87th), but ahead of India (132th). However, South Africa and China improved their ranking while the other three countries dropped ranks. South Africa is ranked sixth in Africa behind Mauritius (63rd) Seychelles (72nd), Algeria (91st) and Egypt and Tunisia (both 97th)[1].

South Africa's scorein the World Economic Forum's Global Gender Gap Report 2023 improved slightly from 0.781 in 2020 to 0.787 in 2023. South Africa scored very well in terms of Educational Attainment with 0.998 implying that gender parity has been achieved. The country is also doing quite well in terms of Health and Survival with a score of 0,979. It achieved the weakest score of 0.497 in Political Empowerment but, in contrast, it is its best ranking – rank 13 globally. This is a clear reflection of the global gender imparity within this component. The worst ranking came in the component Economic Opportunity (Rank 81) with a score of 0.676. Overall, South Africa maintained its position globally of 20th like in 2022[2].

SDG 3 calls for South Africa to reduce maternal mortality to less than 70 per 100,000 live births by 2030. Although South Africa has not yet achieved this target, the country made good progress over the years. The mortality rate declined from 10.59 per 100,000 live births in 2019 to 88.0 in 2020[3]. The decrease implies a drop by almost 50% compared to a rate of 165 in 2012.

South Africa is on track to achieve gender parity in elementary school with a female gross enrollment rate of 97%, compared to over 102% for boys in 2018. In 2018, the gross enrollment rate for women in secondary school was 101% compared to 89% for boys. Good progress was also made in tertiary enrollment for girls, which reached 23% for girls and 16% for boys in 2018. A report released in February 2020 by the Ministry of Higher Education and Training indicates that between 2016 and 2017, the number of students accessing HEIs who were female increased by about 7.0% (39,779) and males increased by about 5.2% (21,368). The majority of student enrollments in public higher education institutions (HEIs) were female (58.5%) in all population groups. Of the total doctoral student enrollment in 2017, 55% (12,412) were male and 45% (10,159) were female. School enrollment, tertiary (gross), gender parity index (GPI) in South Africa was reported at 1.32% in 2018, according to the World Bank's Development Indicators collection. The achievements are also reflected in its global ranking in terms of education in the Global Gender Gap Report 2023. It is ranked first globally in terms of primary education, secondary and tertiary education enrolment with a score of 1.000 in each of the components.

[1] UNDP, 2022, Human Development Report 2021/22

[2] World Economic Forum, 2023, Global Gender Gap Report 2023.

[3] https://www.statssa.gov.za/?p=15321

7.b. Promotion of equal access for men and women to productive and economic resources

Type de score	Valeur
Score de brouillon	4.5
Score révisé	4.5

Score de deuxième brouillon	4.5
Score final	4.5

Notes du pays:

South Africa performed rather poorly in terms of equal access to productive and economic resources based on the results of the Global Gender Gap Report 2023. Although both the score and rank improved compared to 2022 from 0.649 to 0.676 and from 92 to 81 respectively, both are well below its overall score of 0.787 and rank 20 globally. The major drag is the component ‘Wage equality for similar work. South Africa ranks 111th with a score of 0.549. In sharp contrast, it is ranked first globally in terms of gender parity in professional and technical workers. More needs to be done regarding the Labour Force Participation Rate, since South Africa is ranked only 66th globally with a score of 0.795. According to the quarterly Labour Force Report, the LFPR for women was just 54.3 compared to that of men which stood at 64.9 in the second quarter of 2023. Overall, two million more men were employed in this quarter than women. The unemployment rate for women was consistently higher than that for men and it increased since the second half of 2022 while the unemployment rate for men decreased. 37.5% of women were recorded as unemployed in Q2 2023 compared to 30.0% of men[1].

South Africa has demonstrated its commitment to women's empowerment by creating a separate department for women in the office of the president. This underscores South Africa's commitment to the Beijing Platform for Action on Women's Empowerment. The mandate of the women's department is to promote women's socio-economic empowerment, development and human rights. South Africa's National Development Plan to 2030 envisions an inclusive society and economy without unequal opportunities through capacity building. Through a combination of legislation, monitoring and accountability, significant progress has been made in this regard, particularly in the public sector. Furthermore, the Department of Public Service and Administration (DPSA) launched the Public Sector Woman in Leadership Network on 18 August 2022 as part of the women’s month commemoration.

The percentage of women in leadership positions in the civil service has increased from 13 percent in 1998 to 42 percent in 2017 and further to 43% in 2022. The DPSA aims at 50% women in senior management positions[2]. The Global Gender Gap Report ranks South Africa 88th regarding gender parity for legislators, senior officials and managers with a score of 0.462. The ranking indicates that the country is lagging in this area behind progress made in other areas of gender parity.

[1] Statistics South Africa, 2023, Quarterly Labour Force Survey Q2:2023.

[2] The Public Servant, 21 August 2022, Launch of Public Sector Women in Leadership Network - https://www.dpsa.gov.za/thepublicservant/2022/08/21/as-we-launched-the-public-sector-women-in-leadership-network-we-stood-on-shoulders-of-women-who-fought-viciously-towards-emancipation-of-women/

7.c. Men and women equal status and protection under the law

Type de score	Valeur

Score de brouillon	4.5
Score révisé	4.5
Score de deuxième brouillon	4.5
Score final	4.5

Notes du pays:

Significant progress has been made in ensuring women's equal status and protection under the law. The country has signed various international human rights instruments, treaties and conventions and has signed and ratified the Convention on the Elimination of All Forms of Discrimination against Women, the Beijing Platform for Action and UN resolution 53/197 on the International Year of Microcredit 2005 to improve women's access to credit. It has also enacted a number of laws to protect women from violence and abuse. South Africa's Department of Women and the Commission on Gender Equality advanced gender equality in all spheres of society and made recommendations on legislation affecting the status of women. Consequently, South Africa ranks first on the continent regarding Laws on violence against women in the Ibrahim Index on African Governance Report 2022. Despite these measures, gender-based violence remains very high. Factors that may contribute to the high level of violence against women include unequal traditional gender norms, power inequalities, and patriarchal domination.

South Africa is also a member of the UN Convention on the Elimination of All Forms of Discrimination against Women, where it has reported on some issues of sexual violence. South Africa is at the forefront of marriage equality and legal protection against discrimination. In fact, it was the first country in the world to provide protection against discrimination based on sexual orientation and the fifth to legalize same-sex marriage.

South Africa has the country's first-ever parity cabinet. In addition, in the last presidential and parliamentary elections, more than 2.5 million women registered to vote. 55% of registered voters were women, even though women make up 51% of the population. In addition, the country is one of only 11 countries in the world to have a gender-representative government.

According to the Global Gender Gap Report 2022, South Africa ranks 13th in the world in terms of political empowerment with a score of 0.497 – slightly up from rank 14 and a score of 0.493 in the same report of 2021. In terms of women's representation in parliament, South Africa scores 0.862, ranking 9th which represents a similarly minor improvement by one place. In contrast, women's representation in ministerial positions puts South Africa a place down to ranks 13 with a score of 0.929.

Despite these overall positive rankings and laws in place against violence against women, South Africa is termed the rape capital of the world. Almost 11,000 rape cases were reported in the first quarter of 2022[1]. The female homicide rate was close to 25 per 100,000 population, which is almost six times the global average[2].

[1] https://www.news24.com/life/relationships/love/her_story/violence-against-women-is-staggeringly-high-in-south-africa-20221202

[2] Gender-Based Violence Against Women in South Africa, 2020 - https://ballardbrief.byu.edu/issue-briefs/gender-based-violence-against-women-in-south-africa

08. Equity of Public Resource Use

Score du critère: 5.167

8.a. Poverty Measurement

Type de score	Valeur
Score de brouillon	4.5
Score révisé	4.5
Score de deuxième brouillon	4.5
Score final	4.5

Notes du pays:

In 2012, the South African government adopted the use of three national poverty lines for measuring and monitoring poverty in monetary terms in the country. In constructing these lines, Statistics South Africa used an internationally recognized approach, namely the basic needs cost approach that links well-being to consumption of goods and services. The National Poverty Lines statistical release provides annual inflation-adjusted values for South Africa's three official poverty lines, namely the Food Poverty Line (FPL), the Lower-bound Poverty Line (LBPL) and the Upper-bound Poverty Line (UBPL). These lines reflect different degrees of poverty and allow the country to measure and monitor poverty at different levels.

Despite being an upper MIC, South Africa suffers from high poverty, with the poverty rate increasing to 55.5 percent in 2015 from 53.2 percent in 2011 (latest available data). Poverty has increased over the period mainly due to low economic growth, rising unemployment, and high household debt. In 2015 (latest report), 25.2% of South Africans (14 million) lived in extreme poverty or below the national food poverty line of ZAR441 per person per month, while 55.5% of the population (31.4 million) lived below the national poverty line at the upper limit of ZAR992. The majority of the poor live in townships, informal settlements, and rural areas with subsistence farmers. Townships and informal settlements are home to 38% of the working age population and account for 60% of the country's unemployed. However, according to Statista, in 2021, an individual living in South Africa on less than ZAR890 (about USD62.8) per month was considered poor. In addition, people with ZAR624 (about USD44) per month for food lived below the poverty line by South African national standards. Meanwhile, actual values of the national poverty line (% of population), historical data, forecasts and projections from the World Bank will soon be available (October 2021). Applying the USD6.85 per day for Upper Middle-Income Countries, then 61.6% of the population would have been classified as being poor in 2015[1].

South Africa is known as the most unequal country in the world, with a Gini coefficient of of 0.67 in 2006, which fell to 0.63 in 2015. These figures are from the Inequality Trends in South Africa report published by Stats SA. According to the de Palma ratio, the richest 10 percent of the population spent 8.6 times as much as the poorest 40 percent in 2006; this ratio decreased to 7.9 in 2015. These figures indicate that overall inequality, measured at the national level, decreased between 2006 and 2015. Income inequality is visible in all spatial dimensions but is most pronounced in townships/informal settlements and rural areas compared to well-developed urban agglomerations. A typical indicator of extreme income inequality is the city of Sandton and Alexandra township, which are located side by side in the city of Johannesburg, where the former is one of the most developed urban areas in the world while the latter is one of the poorest settlements in the country. A 2020 IMF publication indicates that income distribution remains highly unequal in South Africa. The richest 20% of the population hold over 68% of income (compared to a median of 47% for similar emerging markets). The bottom 40% of the population hold 7% of income (compared to 16% for other emerging markets). Similar trends can be observed for other measures, such as the income share of the top 1%.

The poverty rate is higher for women than for men. In 2015, 41.7 percent of women lived below the national lower-bound poverty line, compared to 38.2 percent of men. In terms of race, 47.1 percent of black Africans lived below the lower-bound poverty line in 2015, compared to 23.3 percent of people of color. Black women living below the poverty line increased to 49.2 percent in 2015 from 45.4 percent in 2011, while Black men increased to 44.8 percent from 41.3 percent over the same period. Poverty is high in rural areas and townships: over 60 percent, compared to 30 percent in developed cities.

Nevertheless, non-income poverty is generally low. In 2019, 93% of the South African population has access to water supply services and 76% of the population has access to basic sanitation services. The proportion of households connected to the electricity grid increased from 84.4% in 2017 to 91.23% in 2018. Access to downstairs housing remains a major challenge. In 2017, 13.6 percent of households lived in informal housing, and 5.5 percent in traditional housing. In total, 19% of South African households lived in non-formal housing in 2017. South Africa addresses poverty primarily through targeted social wages that take a variety of forms, including free primary health care, no-fee schools, social grants, free housing, and free electricity, water, and basic sanitation for households designated as indigent.

On August 24, 2020, UNDP launched a study on the socio-economic impact of COVID-19 in South Africa. The study indicates that 54% of households have been pushed out of permanent jobs into informal or temporary employment and are likely to fall into poverty after the six-month stimulus package ends. 34% of households are likely to fall out of the middle class and into vulnerability.

[1] https://databankfiles.worldbank.org/public/ddpext_download/poverty/987B9C90-CB9F-4D93-AE8C-750588BF00QA/current/Global_POVEQ_ZAF.pdf

8.b. Public Expenditures: Priorities and strategies

Type de score	Valeur
Score de brouillon	5.0
Score révisé	5.0

Score de deuxième brouillon	5.0
Score final	5.0

Notes du pays:

The South African government prioritizes in 2021 defeating the COVID-19 pandemic; accelerating economic recovery; implementing economic reforms to create sustainable jobs and stimulate inclusive growth; and fighting corruption and strengthening the state. In line with the priorities of the Medium-Term Strategic Framework (MTSF) 2019-2024 and the National Development Plan 2012-2030, budgeted expenditure for 2023/24 is ZAR2.24 trillion. Most of this spending is allocated to learning and culture (ZAR457.1 billion), social development (ZAR378.5 billion), while community development and health received almost equal shares (ZAR259.7 billion and ZAR259.2 billion respectively). Community development is the fastest growing budget line reflecting the increasing allocations to local government and infrastructure. Non-interest expenditure in the main budget will increase to ZAR1.9 trillion in 2023/24.

Overall, the budget deficit over GDP is expected to decline over the MTEF period and could result in a primary budget surplus. Government's main objectives are to support higher economic growth through economic reforms and improved public capabilities as well as addressing the serious challenges in the energy and transport sectors[1].

[1] National Treasury, 2023, Budget 2023 – Budget Review.

8.c. Regressive Tax

Type de score	Valeur
Score de brouillon	6.0
Score révisé	6.0
Score de deuxième brouillon	6.0
Score final	6.0

Notes du pays:

South Africa aims to strengthen its progressive tax system, while broadening the tax base and eliminating exemptions. In line with this approach, the government has been reviewing tax incentives over the medium term to 2020, and repealing or redesigning those that are inefficient or inequitable. Given the weak economic outlook, the government did not raise tax rates in the FY2023/24..

The South African government has used a variety of tools to address the persistent levels of inequality in the country, including progressive tax redistribution. Efforts to reduce inequality have focused on increasing social spending, targeted government transfers and affirmative action to diversify wealth ownership and promote entrepreneurship among the previously marginalized. These measures must be complemented by reforms that promote private investment, employment and inclusive growth.

The South African Government employs a progressive individual income tax system. The first ZAR 95,750 are tax free in the FY2023/24. Thereafter an increasing marginal tax rate is applied on every ZAR exceeding the tax brackets. It starts with a tax rate of 18% on each ZAR earned above ZAR 95,750 up to a marginal tax rate of 45% for every ZAR earned above ZAR1,817,000 per annum. The tax threshold and tax brackets are adjusted annually for inflation in order to reduce the risk of bracket creeping. The tax threshold increases for persons above the age of 65 years and even further for those older than 75 years of age. The Government estimates that more than 7.5 million income earners fall below the tax threshold and hence will not pay taxes, while some 7.1 million income earners will fall into taxable income tax brackets. In addition, the first ZAR550,000 lumpsum from retirement funds is tax free, while the tax rate increases with the increase in the lumpum amount[1].

However, the Income Tax Act makes provision for tax-deductible expenditure such as pension fund contributions, medical aid contributions, donations and others[2] that usually benefit the better-off, because they can afford this expenditure at all or higher expenditure and they will benefit from higher tax savings due to their higher applicable marginal tax rates. Furthermore, price increases have different impacts on different income groups due to their different consumption patterns. Hence, Treasury could consider applying inflation rates for low-, middle- and high-income earners to the different tax brackets.

[1] National Treasury, 2023, Budget 2023 – Budget Review.

[2] https://www.sars.gov.za/individuals/i-need-help-with-my-tax/your-tax-questions-answered/individual-deductions/

09. Building Human Resources

Score du critère: 4.333

9.a. Health and nutrition services

Type de score	Valeur
Score de brouillon	4.5
Score révisé	4.5
Score de deuxième brouillon	4.5
Score final	4.5

Notes du pays:

Improving human resources is one of the key priorities of the South African Government but the infant mortality rate grew from 28 deaths per 1,000 live births in 2014 to 34.2 in 2016 and then declined to 27.5 in 2019 and to 26 in 2021[1].The under-five mortality rate reached 32.8 in 2021 down from 34.5 in 2019 and from 43.3 in 2016. The maternal mortality ratio declined to 118 in 2019 from154 in 2016 but increased by 7.6% in 2020 to 127 per 100,000 live births[2]. .

According to the South African National Health and Nutrition Examination Survey (NHANES-1), 13.5% of children from 6-14 years are overweight. Among teenagers aged 15–19 years, overweight ranges from 8.6–27% while stunting is 12.9%. According to UNICEF Executive Director Dr Henrietta Fore, in South Africa, the devastating effects of COVID-19 have further exacerbated the impact on households, disrupting nutrition interventions and impacting school feeding programs. Feeding children is becoming a vital concern. Indeed, more than half of South Africa's children continue to live below the poverty line, with chronic malnutrition causing half of South Africa's children to die.

The percentage of South African households with inadequate or severely inadequate access to food had decreased from 23.9% in 2010 to 22.6% in 2016 and 20% in 2017. Household access to food has improved since 2002. In 2017, 6.8 million South Africans experienced hunger. While the number has dropped from 13.5 million in 2002, it still affects 1.7 million households across the country and it has remained static since 2011. The27 April 2020 HSRC surveyof the socio-behavioural impact of the lockdown on South Africans in high-density and rural settlementsfoundthat 24% of all respondents surveyed hadno money to buy food, and in some areas, it was even much worse –more than halfof informal settlement residents (55%) and 66% of township residents.

In 2016/17, national immunisation coverage was 82.3%, almost 10 percentage points below the national target of 92.0%. This is a reduction of 6.9 percentage points from the 2015/16 immunisation coverage of 89.2%. 2015/16 and the lowest in the last five years[1].

According to the UNDP Human Development Report (UNDP, 2020), 96.7% of women are assisted by skilled health personnel and only 54.6% of women use contraception.

The National School Nutrition Programme (NSNP) is a national school feeding scheme that feeds over 9 million learners nutritious meals every day at school. Since 1994, the programme has tried to improve the ability of children to learn by combatting malnutrition, reducing hunger and improving school attendance. The programme is critical for furthering learners’ constitutional rights to basic nutrition (Section 28(1)(c) of the Constitution) and basic education (Section 29(1)(a) of the Constitution). In 2020, the programme is meant to feed 9.7 million pupils in Quintile 1-3 schools but an exception is made for some schools in Quintile 4 and 5.

In 2020, the Basic Education Department was monitoring the expenditure on the allocated R7.7bn for the school nutrition programmes. To maintain meals for about 9 million learners in 19 950 schools each year, the National School Nutrition Programme grant will cost R25.5 billion in the medium term (2020-2024). The government continues to increase direct funding for conditional grants to provinces. An additional R430 million is being reallocated to the National School Nutrition Programme Grant in 2023/24 to maintain meals for approximately 9 million learners in 19 950 schools.

In the medium term, spending on this function will account for 14.2% of total government spending, rising from R247 billion in 2020/21 to R245 billion in 2023/24. Provincial health departments receive about 92% (R678.7 billion) of these allocations in the medium term.

South AfricanCabinet approved the long-awaited National Health Insurance (NHI) Bill, the government's first and most crucial piece of legislation for implementing its goal of universal healthcare. The government aims to start to incrementally implement the NHI from 2019 and by 2025 everyone is expected to be covered. The government is determined to work together to overcome our address the challenge of a two-tiered health system, which is the major barrier to achieve a universal health system in the country. Despite delays caused by the coronavirus lockdown, the government is making steady progress in its planned implementation of a new National Health Insurance (NHI). In its annual report presented to parliament on Nov 18, 2020, the National Department of Health said that the NHI Bill is currently being considered by parliament and that an official NHI Office is planned to be established after the bill is passed into law. The department indicated that a total of 3,059 public healthcare facilities had implemented the Health Patient Registration System (HPRS) and that registered NHI beneficiaries have reached a total of 45,286,288 against a target of 40 million in 2019/20.

In 2013, the Government approved the National Policy on Food and Nutrition Security with a goal "to ensure availability, accessibility and affordability of safe and nutritional food at national and household levels". In 2015 The Government also approved the Evaluation of Nutrition Interventions for children under-5. A National Food and Nutrition Security Plan 2017-2022 was approved in 2017. However, the implementation of the policy remains weak due to lack of proper coordination between the various government institutions and the civil society groups that operate in the sector. Under the leadership of the Office of the Deputy President, an Inter-Governmental Technical Working Group was constituted to ensure the implementation of the National Food and Nutrition Security Plan.

[1]
https://www.hst.org.za/publications/District%20Health%20Barometers/8%20(Section%20A)%20Immunisation.pdf

[1] https://data.unicef.org/country/zaf/

[2] https://www.macrotrends.net/countries/ZAF/south-africa/maternal-mortality-rate

9.b. Education, ECD, training and literacy programs

Type de score	Valeur
Score de brouillon	4.5
Score révisé	4.5
Score de deuxième brouillon	4.5

Score final	4.5

Notes du pays:

TSouth Africa has an inclusive concept forthe education of children from birth to 9 years of age, namely Early Childhood Development (ECD) is the government priority. It includes learners who are in pre-Grade R programmes (Age 0-4), Grade R programmes (5-6 year olds) and Foundation Phase (Grades 1–3). According to the General Household Survey (GHS 2018) about 47% of children aged zero to six attended an ECD facility in 2018. The comparable figure in July/August 2020 (NIDS-CRAM survey respondents) this year is just 13%. ECD attendance rates are now the lowest they have been in 18 years, due to the Covid-19. According to the World Bank collection of development indicators, compiled from officially recognized sources, Gross primary school enrolment for those aged 7-13 decreased from 103.2% in 2016 to 98.5% in 2018 and 99.7% in 2020. Gross female primary school enrolment decreased from 101.5% in 2016 to 96.6% in 2018 while that of males decreased from 104.8% in 2016 to 100.4% in 2018, implying near parity participation between male and female children.

South Africa has high levels of school enrolment and attendance. Amongst children of school-going age (7 – 17 years), the vast majority (98%, or 11.3 million children) attended some form of educational facility in 2018. This is a small but significant increase from 2002, when the reported attendance rate was 95%. South Africa has 26 public universities with nearly one million students while 700 000 students are registered at the more than 50 higher education training colleges (TVET colleges – Technical vocational education training). An additional 90 000 students can be found at various private institutions. South Africa has seen a major expansion of student enrolment. The government plans to increase university enrolment to 1.5 million by 2030.

In the medium term, the learning and culture function accounts for ZAR457 billion, or 20.4% of consolidated expenditure in FY2023/24. This function will continue to receive the largest share of government spending over the period, rising to ZAR497.1 billion in FY2025/26.

The matric pass rate has increasedfrom 76.4% in 2021 to 80.1% in 2022. The Gross School enrolment in tertiary education in South Africa was 24.2% in 2020, up from 19.8% in 2019.

As outlined in its 2019/20 Annual report, the Department of Basic Education developed a plan for the Employment of Qualified ECD Practitioners within schools. The Department also introduced the National Curriculum Framework for Children from birth to 4 years (NCF), which will assist in regulating and monitoring the curriculum offered at all ECD centres across the country. A total of 14,008 ECD practitioners across all the provinces were trained on the South African National Curriculum Framework for Children from Birth to Four (NCF). A total of 180 South African Congress of Early Childhood Development (SACECD) trainers were trained on the implementation of the NCF for children from birth to four. Of the 42,000 ECD practitioners targeted to complete the online training programme on play-based learning, by 31 March 2020, 69 372 had completed online training courses. Out of a target of 3,100 for the 2019/20 year, a total of 4,905 ECD practitioners were enrolled and are being trained for the NQF Level 4 qualification. Approximately one (1) million children are accommodated at various ECD centres in all provinces.

According to Statistics South Africa's General Household Survey (GHS) of 2018, there were approximately 14.2 million learners at school in 2018. Participation in education institutions was virtually universal (97.4%) by the age of 15 years (the last compulsory school age) and approximately three-quarters (74.5%) of learners were still in school by the age of 18, which usually represents the age at which learners exit grade 12. A notable percentage of learners, however, remained in primary and secondary schools long after they should have exited those institutions. Almost one-quarter (24.7%) of 20-year olds were, for instance, still attending secondary school in 2018, 32.2% of individuals aged five years and older attended an educational institution. Nationally, 87.7% of individuals aged five years and older and who attended educational institutions, attended school, while a further 4.5% attended tertiary institutions.By comparison, only 2.3% of individuals attended Technical and Vocational Education and Training (TVET) colleges. The percentage of individuals aged 20 years and older who did not have any education decreased from 11.4% in 2002 to 4.5% in 2018, while those with at least a grade 12 qualification increased from 30.5% to 45.2% over the same period. Inter-generational functional literacy has also decreased markedly. While 57.8% of South Africans over the age of 60 years did not at least complete a Grade 7 qualification, this figure dropped to only 4.4% for those aged 20 to 39 years of age. 5.5% of adults over the age of 20 years were considered illiterate.

The percentage of learners that attended no-fee schools increased from 21.4% in 2007 to 67.2% by 2018. In 2019, 87% of schools were no-fee schools that accommodated 79% of learners. These no-fee schools provide much-needed relief for households, as government funding removes the need for parents to pay fees at such schools. This, together with the National School Nutrition Programme (NSNP) that feeds around nine million learners, is a foundation of social assistance and poverty mitigation and contributed greatly to ensuring that learners have access to quality education.

9.c. Prevention and treatment of HIV/AIDS, tuberculosis, and malaria

Type de score	Valeur
Score de brouillon	4.0
Score révisé	4.0
Score de deuxième brouillon	4.0
Score final	4.0

Notes du pays:

The overall HIV infection rate in the South African population is estimated to be about 13.2%[1] in 2022 equaling 7.8 million people.. For adults aged 15-49, an estimated 18.7% of the population is HIV positive. South Africa has the largest antiretroviral therapy (ART) program in the world. The project is primarily funded by domestic resources: the country invests more than US$1.5 billion each year to run its HIV project. The success of the ART program in South Africa is reflected in the increase in life expectancy from 56 years in 2010 to 63 years in 2018 and further to 65.3 years in 2021[2]. By 2022, the number of new infections per year will be less than 100,000.The government plans to achieve this by intensifying prevention efforts in the 27 districts that account for 82% of all people living with HIV and for the majority of new infections. It has also committed to achieving zero new infections due to mother-to-child transmission by 2022. In addition, the 2017-2022 South African National LGBTI HIV Plan commits to reaching 95% of people from the LGBTI community with HIV prevention and ensuring 90% of LGBTI people living with HIV know their status. In 2019, it was estimated that between 23,000 and 24,000 people were using PrEP in ongoing and planned projects across South Africa. The 2017-2022 National Strategic Plan aims to expand this to begin 85,858 people from groups most affected by HIV on PrEP by 2022.

South Africa made progress towards achieving the 90-90=90 target. In 2022, the country was relatively close to this target achieving 94-78-89[3].

WHO estimates that approximately 360,000 people in South Africa were infected with TB in 2019. However, as with previous estimates, there is a lot of uncertainty and there is a 95% chance that the actual number is between 250,000 and 489,000. Approximately 210,000 (58%) and approximately 360,000 people were diagnosed with TB in 2019. This indicates that about 150,000 people have TB but have never been diagnosed. Given that the 360,000 estimate is quite uncertain, so is the estimate of this treatment gap. In any case, this new data casts doubt on South Africa's TB case detection strategy. South Africa ranked eighth in the absolute number of TB cases in 2019, but fourth globally in the number of cases per 100,000 people in 2021. The Philippines led with 650 cases, followed by Lesotho, with an estimated 614 cases and Central African Republic with 540, while South Africa had 513 per 100,000[4]. Incidence of tuberculosis (per 100,000 people) in South Africa was reported at 615 in 2019. The WHO estimates that about 58,000 people died of TB in South Africa in 2019 (range 35,000 to 91,000). About 36,000 of the 58,000 people thought to have died of TB were also HIV positive. Preventive therapy (pills taken to prevent TB) are considered a critical part of TB prevention efforts, especially for people living with HIV who are at an increased risk of developing TB. A total of 69% of people newly started on HIV treatment in South Africa in 2019, received TB preventive therapy. As outlined in its National Strategic Plan (NSP) for HIV, Tuberculosis, and Sexually Transmitted Infections 2017-2022, the South African government is making significant efforts to address HIV and TB. The overall goal of the national strategic plan is to eliminate HIV, TB, and sexually transmitted infections as a public health threat by 2030. The approach taken in the latest national strategic plan is to intensify efforts in the geographic areas most affected by TB. In addition, the most effective interventions should be adopted in these areas. There is very little discussion of drug-resistant TB. South Africa is also committed to implementing the 2016-2020 global plan to end TB. The plan is outlined by the Stop TB Partnership and involves the implementation of a 90-90-90 TB strategy. The average cost of a complete episode of TB can be almost ZAR4,000, including loss of earnings, which is a major burden for poor families. Currently, it costs about ZAR2,500 to treat a straightforward case of TB, rising to about 115,000 for treating MDR-TB. Reaching the target of reducing deaths by 90% would cost about 5 billion Rand per year in additional spending. Making this investment between 2016 and 2035 would give a total of 450,000 additional years of life to South Africans. The total cost of implementing the proposed NSP over the five-year period is ZAR207 billion. Mobilisation of additional domestic resources is limited by a number of factors including the country's low economic growth. Valuing a year of life at $5,000 (60,000 Rand) means that each Rand invested would be worth around 5 Rand in benefits (extra years of life). This is probably an under-estimate for a country like South Africa, and does not take account of indirect economic benefits. In any case, tackling the TB epidemic would be a sound economic investment.

The TB Control and Management sub-programme is responsible for coordination and management of a national response to TB that incorporates strategies needed to prevent, diagnose and treat both drug-sensitive TB (DSTB) and drug-resistant TB (DR-TB). From 2016 to 2020, South Africa has seen revolutionary changes in the diagnosis and management of RR-TB, including the use of new and repurposed drugs and novel therapeutic approaches. South Africa has been a global leader in introducing innovation to the field of RR-TB and the work done in the country has had a significant impact on global policy. In 2018, the World Health Organization (WHO) recommended the use of all-oral regimens for the treatment of RR-TB and issued guidance supporting the use of short-course, all-oral regimens under closely monitored conditions. A Policy Framework on Decentralised and Deinstitutionalised Management for South Africa is under implementation. This Policy Framework provides guidance to treat MDR-TB patients closer to their homes. It describes the need and benefits for decentralisation and institutionalisation of multidrug-resistant tuberculosis (MDR-TB) care and treatment. It also describes the necessary organisational structures and human resources requirements and expected functions of each level of operations.

South Africa has made significant progress in controlling malaria between the financial years 2000/2001 and 2010/2011, reducing malaria incidence from 11.1 to 2.1 total cases per 1,000 population at risk. South Africa drafted its first National Malaria Elimination Strategy for the period 2012-2018. Overall, malaria cases reduced from 64,622 cases in the year 2000 to 8,126 cases in the year 2020, and malaria deaths also decreased by 91 percent, from 459 (2000) to 38 deaths in 2020[5].. The goal of the Malaria Elimination Strategic Plan (2019-2023) is to achieve zero malaria transmission in South Africa by 2023. The Malaria Directorate within the National Department of Health will ensure that the Provincial Malaria Programmes implement the activities described in the implementation plan matrix and throughout this strategic plan with support from the Directorate, stakeholders and partners.

[1] https://www.dailymaverick.co.za/article/2023-05-31-hiv-in-graphs-latest-figures-show-declining-rates-but-concerns-remain/

[2] https://data.who.int/countries/710

[3] https://www.gov.za/speeches/health-minister%E2%80%99s-speaker-notes-sa-satellite-90-90-90-progress-and-recovery-covid-19-29-jul

[4] https://ourworldindata.org/grapher/incidence-of-tuberculosis-sdgs

[5] http://www.xinhuanet.com/english/africa/2021-04/23/c_139901749.htm

10. Social Protection and Labor

Score du critère: 4.9

10.a. Social safety net programs

Type de score	Valeur
Score de brouillon	5.0
Score révisé	5.0
Score de deuxième brouillon	5.0

Score final	5.0

Notes du pays:

The Government of South Africa has put in place a comprehensive social welfare system to address the social challenges. Additionally, a national minimum monthly wage of ZAR 3,500 or ZAR 20 per hour was introduced in 2016 However, the hourly minimum wage was increased to ZAR25,42 resulting in monthly minimum wage of roughly ZAR4,300 in 2023..Around 18 million South Africans (31% of the population) with 20% of households rely on social welfare grants from the Government as their main source of income. The expansion of grants in the post-apartheid period has made an impact on overall household poverty levels, and the child grant in particular has had a demonstrable effect on children's health and welfare. ZAR253.8 million are allocated to social grant in the FY2023/24 that will decrease to ZAR248.4 million by FY2025/26. It is expected that the coverage will increase from 18.6 to 19.8 million beneficiaries by March 2026. Average monthly social grant values in FY2023/24 are as follows: - Child Support Grant: ZAR505; - Older Person's Grant: ZAR2,085; - Older person's over 75 Grant: ZAR2,105; - Disability Grant: ZAR2,085; - Care Dependency Grant: ZAR2,085; - War Veteran's Grant: ZAR2,105;- Foster Child Grant: ZAR1,125. The monthly grant amounts were increased by about 5% compared to FY2022/23[1].

In the medium term, social development Expenditure is the second largest spending priority, accounting for 16.9% of overall government spending. In the MTEF 203/24 to 2025/26, the provincial social development department budget is allocated ZAR 67.3 billion. This amount includes a special fund for the continued hiring of social workers and for programs to reduce the social impact of HIV, gender-based violence and substance abuse. Provinces will also receive funding from the Department of Social Development in early childhood development grants to improve access to quality early childhood development services.

The COVID-19 social relief of distress grant is extended to March 2024 and allocated ZAR 36.1 billion.

The Government allocation to social protection is expected to decrease from ZAR286.2 billion in the FY 20 23/24 to ZAR283.0 billion in FY2025/26, accounting for 11.8% of total government spending over the period.

[1] National Treasure, 2023, Budget 2023 – Budget Review.

10.b. Protection of basic labour standards

Type de score	Valeur
Score de brouillon	5.0
Score révisé	5.0
Score de deuxième brouillon	5.0
Score final	5.0

Notes du pays:

The Employment Tax Incentive (ETI) scheme, introduced in 2014, is directed mainly at the youth and it is producing positive results. The Employment Tax Incentive (ETI) is an incentive that was launched by South Africa Revenue Service (SARS) with the aim of encouraging employers to hire young job seekers. It reduces the cost of hiring young people by reducing the amount of PAYE owed by the employer to SARS without affecting the employees' wages. The ETI for qualifying employees with a monthly remuneration between ZAR2,000 and ZAR4,499 were increased from ZAR 1,000 to ZAR 1,500 for the first 12 qualifying months and from ZAR 500 to ZAR 750 for the second 12 qualifying months for the FY2022/23. For those earning less than ZAR2,000 per month it was increased to 75% and 50% of the remuneration respectively [1].

The Unemployment Insurance Fund (UIF) gives short-term relief to workers when they become unemployed or are unable to work because of maternity, adoption leave, or illness. It also provides relief to the dependents of a deceased contributor. Any employer, who is registered with SARS for Employees' Tax, also needs to register to pay UIF contributions. The amount of the contribution due by an employee, must be 1% of the remuneration paid by the employer to the employee. The employer must pay a total contribution of 2% (1% contributed by the employee and 1% contributed by the employer) within the prescribed period. However, the maximum amount payable is based on a salary of ZAR17,712 per month or ZAR212,544 annually[2].

In 2019, South Africa passed the Minimum Wage Act and proposed amendments to the Basic Conditions of Employment Act. The amendment provides for a fine for failure to pay employees wages in accordance with the National Minimum Wage Act, which can be the greater of twice the amount of the underpayment or twice the employee's monthly wage. Inspectors apply the national minimum wage. Employees whose annual income is below the minimum wage threshold of R205,433.30 may also submit disputes related to unpaid wages to the Commission for Mediation, Conciliation and Arbitration (CCMA). Employees earning above the threshold reserve the right to resolve disputes over unpaid wages in the civil or labour courts. The National Minimum Wage Act sets South Africa's minimum wage at ZAR25.42an hour in 2023.

South Africa ratified 12 ILO conventions including all eight conventions considered fundamental to the rights of human beings at work encompassing four broad aspects: freedom of association; the abolition of forced labour; equality and the abolition of child labour including ILO convention 182 on the Worst Forms of Child labour. A number of legislations adopted by the government conform to most of the conventions and ensures that these legislations and the conventions are enforced. The government has established policies related to child labor. National Child Labor Programme of Action for South Africa, Phase IV (2017–2021) serves as the primary policy instrument to prevent and eliminate child labor in South Africa.

In March 2017, the government released its 2015 Survey of Activities of Young People; the survey results stated that 557,000 child laborers were identified in the country. The government has established institutional mechanisms for the enforcement of laws and regulations on child labor. However, gaps exist within the operations of the South African Department of Labor that may hinder adequate enforcement of their child labor laws.

Freedom of association is guaranteed in labor laws. The constitution provides strong platform to workers to organize and collectively bargain. Nonetheless, some laws in respect of equality are considered to be overly protective by businesses. In 2022, there were 225 trade unions registered with the South African

Department of Labour up from 205 in February2019 and 196 trade unions in 2018. The trade unions represent about 3 million workers.

The Unemployment insurance was introduced in 1966 through the passage of the first Unemployment Insurance Act. The amended Unemployment Insurance Act was passed in 2001. Any employers who contribute to the Unemployment Insurance Fund can receive one day of unemployment benefits for every six days of employment once they become unemployed. The contributors can receive up to 238 days of unemployment insurance. However, the unemployment insurance excludes workers from the informal sector, civil servants, and workers who have never worked before. By May 14, 2020, the Unemployment Insurance Fund has paid out over R11 billion to 2 million employees employed by over 160,000 companies in distress due to Covid-19.

The COVID-19 lockdown has clarified the gaps and insufficiencies in South Africa's social welfare system. The initial package of relief measures was aimed at supporting households by expanding the Unemployment Insurance Fund, but about 45% of workers are not eligible for the fund. Informal sector workers also do not qualify for Unemployment Insurance Fund, and only one in five receives income support through the child support grant. The shortfalls leave at least 8 million people without any form of direct income support. Thus, the South African Social Security Agency indicated that over 1 million people have applied for the R350 coronavirus grant to unemployed in the informal sector due to the coronavirus lockdown.

[1] https://www.sars.gov.za/types-of-tax/pay-as-you-earn/employment-tax-incentive-eti/

[2]https://www.sars.gov.za/types-of-tax/unemployment-insurance-fund/

10.c. Labour market regulations

Type de score	Valeur
Score de brouillon	4.5
Score révisé	4.5
Score de deuxième brouillon	4.5
Score final	4.5

Notes du pays:

Workers and labour unions insist that their remuneration does not reflect the living cost in the country. On the other hand, employers often complain about over-protective labour laws and militant unionism for poor labour-employer relationship. Nonetheless, some analysts including the International Labor Organization do not believe that South African labour laws are any worse than labour laws in countries at similar stage of economic development.

The Minimum Wage Bill which took effect on 1 January 2019 and revised on 1 March 2020 is expected to help reduce some of these glaring pay gaps for about 6 million workers. national minimum wage is adjusted on an annual basis. It is set at ZAR25.42 per hour. The country's labour market is characterized by chronic structural unemployment. South Africa's official unemployment rate has decreased slightly in the second quarter 2023 by 0.3 percentage points to 32.6%, while the unemployment rate using the expanded definition of unemployment, which includes discouraged jobseekers, has decreased to 42.1%[1] . Unemployment has risen sharply, with the number of unemployed now reaching 7.9 million up from 7.2 million in Q1 2021.According to the expanded definition11.9 million South Africans were unemployed in the second quarter of 2023 The youth is especially hard hit by unemployment. 60.7% of those in the age group of 15 to 24 years were unemployed and 39.8% of those in the age group of 25 to 34 years. Furthermore, more women (35.7%) than men (30.0%) were unemployed.

The main cause of the high unemployment is the lack of skills arising from low level of education. The department of higher education and training gazetted the 2020 national list of occupations in high demand. "Skills 'mismatches,' real and perceived, are widely regarded as constraining economic growth and development, and a barrier to social inclusion and poverty reduction. The list of 345 high-demand occupations is issued to Technical and Vocational Education and Training (TVET) and community colleges as well as universities to ensure that they are training South Africans in the right skills.

The Expanded Public Works Programme (EPWP) is a South African Government initiated programme aimed at creating 5 million work opportunities by 2024. The Programme is implemented by all spheres of government, across four (4) defined sectors, namely, the Infrastructure, Social, Non-State Environment and Culture sectors. The Programme's overall coordinator is the National Department of Public Works and Infrastructure. Since its inception, it has generated over 8 million work opportunities. In the most recently completed phase of the programme, 66% of beneficiaries were women, 46% were youth and 1% were people with disabilities. In order to increase the participation of vulnerable groups in South African society, the demographic targets for youth participation are set at 55% in Phase IV of the EPWP, while the targets for the participation of women and people with disabilities are set at 60% and 2% respectively. The EPWP is recognized with Future Policy Bronze Award 2019 for Economic Empowerment of Youth; awarded by the World Future Council in partnership with UNDP and IPU and supported by ILO, due to its impressive socioeconomic and environmental impact, its participatory and holistic approach, its large respect for the Future Justice Principles.

[1] Stats SA, 2023, Quarterly Labour Force Statistics Q2:2023 - https://www.statssa.gov.za/publications/P0211/Presentation%20QLFS%20Q2%202023.pdf.

10.d. Community driven initiatives

Type de score	Valeur
Score de brouillon	5.0
Score révisé	5.0
Score de deuxième brouillon	5.0
Score final	5.0

Notes du pays:

South Africa has 257 local governments (municipalities) that work closely with the local community members. The Government encourages public participation in socio-economic development. This is achieved through various widely representative local structures such as ward committees. These committees are empowered to prepare community-based development plans, encourage implementation and monitoring of those plans in collaboration with community based organizations. Measures are taken to ensure that municipalities engage with their communities. Municipalities are required to develop affordable and efficient communication systems to communicate regularly with communities and disseminate urgent information. The basic measures to be monitored include: The existence of the required number of functional Ward committees, the number of effective public participation programs conducted by Councils as well as the regularity of community satisfaction surveys carried out.

The Community Works Porgramme (CWP) run by the Department of Cooperative Governance and Traditional Affairs continues to contribute to government's efforts to eradicate poverty and promote community development. The CWP is one of the government's signature job creation schemes. As of March 2020, there were 280,000 citizens participating in the CWP. The target for the 2020/21 financial year is 300,400 participants. The CWP provides participants with both training and experience that allows them to receive support to do some community work.

Government's R4bn-a-year Community Work Programme (CWP) is supposed to give a leg up to SA's most marginalised communities. The CWP provides temporary work and training — at a cost of R13bn for the current three-year cycle.Though the CWP is funded by Cogta, it is run by 11 non-profit organisations that manage sites in 213 municipalities across the country. These implementing agents are responsible for procuring tools, materials, protective clothing and training.

In recent decades Community Driven Development (CDD) projects have become critical to address development challenges in poor communities. As World Bank (September 2018) observes CDD operations empower communities, deliver cost-effective infrastructure, enhance livelihoods, and improve community dynamics. There are a number of two most prominent community driven initiatives in South Africa.

The first is the Federation of the Urban Poor (FEDUP) was established in 2006. It was initiated as an African People's Dialogue on Land and Shelter. FEDUP is the South African affiliate of Shack Dwellers International and is the primary support initiative for many urban poor movements in Africa. FEDUP mobilizes urban poor communities through savings. It has over 700 affiliates in informal settlements and urban poor vicinities throughout the country. There are over 4600 townships and informal settlements in South Africa where poverty is high. FEDU has been able to secure tenure for more than 25,000 families and has facilitated the creation of grassroots housing associations that have constructed over 15,000 formal houses and was able to secure support from the national Department of Housing to tackle the challenges of land tenure, infrastructure and housing. FEDUP's primary commitment as a national social movement is to work with other stakeholders to produce sustainable long-term alternatives to evictions by transforming South Africa into a country in which all cities are physically, economically and politically inclusive of the urban poor. FEDUP is also the primary stakeholder in uTshani Fund, an urban poor development fund with a capital value of USD10 million.

The second is the Khanya-African Institute of Community Driven Development. The African Institute for Community-Driven Development (Khanya-aicdd) was formed in 1998 as Khanya-managing rural change (Khanya-mrc) by a group of people who had carried out pioneering work on change management in the rural sector in the Free State province in South Africa.The institute is an African Centre of expertise on community-driven development and sustainable livelihoods. They are committed to a transformation process which aims to address socio-economic inequalities and the needs of the poor. They seek sustainable African solutions to African problems, while learning from best practice elsewhere. Their mission is to promote sustainable livelihoods and community-driven development to address poverty in Africa. FEDUP is also affiliated with the Informal Settlement Network (ISN) and The Community Organization Resource Center (CORC) which was set up with the intention of consolidating a community-based, pro-poor platform in order to facilitate engagement of a network of community-based organizations on a settlement-wide basis.

The third is The Community Organisation Resource Centre (CORC). The CORC is a nucleus for professionals and grassroots activists who think independently yet plan and act collectively. It is the hub of new synergies between development professionals, local project workers and collective action. CORC provides support to two different types of community networks who mobilise themselves around their own resources and capacities. The first are networks of informal settlements that are mobilised around specific issues: land, evictions, informal settlement upgrading, basic services and citizenship. The second are women's collectives that are mobilised through savings.

The fourth community initiative is the Informal Settlement Network (ISN). ISN is a bottom-up agglomeration of settlement-level and national-level organisations of the urban poor. The ISN engages leadership structures at the settlement-level, such as crises and development committees, block and street committees, civic organisations, and so forth, who in turn mobilises the community around issue-based community-led development planning.

Finally, a more innovative credit mechanism controlled by the homeless themselves. This is called uTshani Fund (grassroots fund), which assists inproviding low-cost housing finance directly to saving schemes and, as a revolving Fund, it has pre-financed land purchase and infrastructure development.

10.e. Pension and old age savings programs

Type de score	Valeur
Score de brouillon	5.0
Score révisé	5.0
Score de deuxième brouillon	5.0
Score final	5.0

Notes du pays:

Statistics South Africa (Stats SA) estimates more than 5 million people are aged 60 years and over in 2022 representing 9.2% of the population. Some 60.9% of the elderly are women[1]. The Southern Africa Labour and Development Research Unit (Saldru) found that 50% of South Africans are chronically poor; 20% are middle class; 4% are rich; 11% are the transient poor and 15% the vulnerable middle class. The vulnerable middle class has about ZAR5,300 a month and the middle class about ZAR25,500. The poor have less than ZAR800 a month and ZAR560 is below the poverty line. By 2021, life expectancy at birth improved to 65.3 years. As many as 50% of South Africans don't have a retirement plan — and low-income earners can't afford one. The National Treasury estimates that 6% of people have a decent retirement plan. The South African pension system is based on the general three-pillar design, where pillar 1 consists of a non-contributory, means-tested social grant, pillar 2 of occupational funds and pillar 3 of voluntary retirement savings.

The old-age grant (OAG) provided by the government is the main source of income for the elderly population in retirement. The Older Person's Grant – also known as the state old-age pension – is a monthly income for citizens, permanent residents, and refugees 60 years or older with no other means of financial income. This grant is meant to help older residents cope financially during their old age. Because social assistance like state grants is meant for people who can't support themselves, the South African Social Security Agency (SASSA) looks at the income and assets of the person applying for a social grant to determine whether a person qualifies to receive a grant or not. The amount of the old person's grant changes every year. Currently, the maximum amount that the elders get is ZAR2,085 per month. If you're older than 75 years, you'll get ZAR2,105. Any changes in the grant amounts are reflected every year in the national budget speech or at the opening of Parliament.

The Pillar 2 - Employer-based retirement plans have a long history in South Africa. The retirement funding system has been in place since the promulgation of the Pension Funds Act in 1956. These occupational retirement plans are however limited to those employed in the formal sector. In this sector however, the coverage rate is quite high by international standards.

The Pillar 3 - Additional tax-incentivised saving for retirement occurs through voluntary saving vehicles, mainly in the form of Retirement Annuity (RA) fund policies, primarily offered by the insurance sector. In the case of RAs, benefits become available from age 55 onwards. They are subject to the same regulations as pension funds in that a maximum of one third may be taken as a cash lump sum and the rest used to purchase an annuity.

The Government Employees Pension Fund (GEPF) whose funds are administered by the Public Investment Corporation (PIC), is the largest pension fund in South Africa. The GEPF receives a percentage of members' pensionable salaries as contributions. Accrued contributions increased by 0.53% during in 2022, from ZAR81.57 billion in 2020/21 to ZAR81.99 billion in 2021/22. The GEPF processed and finalised 33,627 pension claims in 2020/21 compared to 27,960 in 2019/20 and paid ZAR62.3 billion in annuities compared to ZAR56.2 billion. The total benefits of gratuities, annuities, death benefits and resignation benefits paid amounted to ZAR132.3 billion, compared with ZAR108.1 billion in 2019/20. The number of active members decreased slightly from 1,265,406 in 2020/21 to 1,261,363 in 2021/22. The number of pensioners and beneficiaries increased from 473,312 in 2020/21 to 489,902 in 2021/22[2].

[1] https://www.statssa.gov.za/?p=16280

[2] GEPF, 2022, Annual Report 2021/22

11. Environmental Policies and Regulations

Score du critère: 5

11. Environmental Policies and Regulations

Type de score	Valeur
Score de brouillon	5.0
Score révisé	5.0
Score de deuxième brouillon	5.0
Score final	5.0

Notes du pays:

South Africa is among the top 20 largest per capita emitters of greenhouse gases (GHG) globally because of its coal-based power plants that account for approximately 80% of the country's base-load electricity capacity. South Africa ranked second in Africa behind Libya with 7.3 metric tonnes per capita in 2021[1]. Furthermore, the country is water scarce and is therefore vulnerable to the effects of drought and rainfall variability. It is estimated that drought has affected about 17.7m people in the country since 1996 (in terms of total population, the fourth highest number among African countries). More broadly, economic development, population growth, and rapid urbanization exacerbate negative environmental impacts—declining air quality, increasing waste generation, deteriorating ecosystem health, and loss of biodiversity.

South Africa ratified the Paris Agreement in 2016. The country's Nationally Determined Contribution (NDC) focusses on both adapting to climate change and reducing greenhouse gas emissions. In recognition of the coal-dominated grid and the technical challenges of bringing renewable energy online whilst meeting baseload requirements, the NDC defines a 'peak, plateau, and decline' profile under which economy wide emissions, particularly those from energy generation, are set to increase. Significant progress has been made in clean energy generation, mainly through wind and solar, and renewable energy generation. In 2022 the contribution of renewable energies (solar PV, wind, CSP) increased to 6.2 GW installed capacity[2] and is expected to increase to 13,225 MW by 2025. The Government has also set up a Green Fund, managed by the DBSA, to support the transition to a low carbon, resource efficient and climate resilient development path that delivers high economic impact, environmental and social benefits.

In 2019, South Africa signed into law the carbon tax bill implemented on the 1st of June 2019 which is meant to compel businesses and individuals to reduce their greenhouse emissions making South Africa the first African nation to launch a carbon tax. This tax applies to anyone, including municipalities, with emissions. The tax penalizes large emitters of greenhouse gases as countries move to meet the global climate change targets set during the last climate summit 2021. While the legislation sets out how the tax will be managed for Phase 1 (ending 31 December 2022), many companies have unanswered questions regarding the financial impact of the tax for Phase 2, which will run from 2023 to 31 December 2030.

The carbon tax rate was increased from R144 per ton of carbon dioxide equivalent (CO_2e) to R159 per ton of CO_2e with effect of 1 January 2023[3].

Emissions from road transportation and some other mobile equipment is not included in the direct carbon tax. Instead, a carbon tax on certain liquid fuels was introduced from 5 June 2019 as part of the fuel levy system. While having a combined capacity over the threshold means your activities are subject to carbon tax, you will only pay the tax on your actual emissions. However, these are both difficult and expensive to accurately measure. South African emitters will instead have the option to use the ‘emission factors’ established by the Intergovernmental Panel on Climate Change. These are factors that give an approximation of greenhouse gasses emitted depending on how much fuel was combusted, or product was produced.

South Africa has gazetted a new Climate Change Bill in June 2018 for public comments. SA will finalise a climate change bill “shortly” as it embarks on a low-carbon growth trajectory, the government indicated in March 2020. The objective of the bill is to build the country’s effective climate change response and in the long term, just transition to a climate resilient and lower carbon economy and society in the context of an environmentally sustainable development framework. It aims to provide for the coordinated and integrated response to climate change and its impacts by all spheres of government.

South Africa also has the most developed renewable energy development strategy. The Renewable Energy Independent Power Producers Procurement Programme (REIPPPP) is one the most successful in the African continent. The Department of Energy (DoE) has procured 6,377 MW across 102 projects from four bid windows through its Renewable Energy Independent Power Producer Procurement Program (REIPPPP), with 3,110 MW having been connected to the national grid to date. Under the Ministerial Determinations which allows the Minister of Energy, in consultation with the NERSA, to make Ministerial Determinations for new generation capacity, South Africa has earmarked a total of 13,225 MW by 2025 of renewable energy against a target of 17,800 MW by 2030.

[1] https://www.statista.com/statistics/1268403/co2-emissions-per-capita-in-africa-by-country/

[2] https://www.csir.co.za/csir-releases-statistics-on-power-generation-south-africa-2022#:~:text=Coal%20still%20dominates%20the%20South,of%20the%20total%20energy%20mix.

[3] https://www.deloitte.com/za/en/services/tax/perspectives/south-africas-carbon-tax-changes-and-implications-for-taxpayers.html

(D) Public Sector Management and Institutions

Score du cluster: 4.867

12. Property Rights and Rule-based Governance

Score du critère: 4.25

12.a. Legal basis for secure property and contract rights

Type de score	Valeur
Score de brouillon	4.5
Score révisé	4.5
Score de deuxième brouillon	4.5
Score final	4.5

Notes du pays:

The judiciary is independent and the rule of law is respected as provided in the constitution of the country. Article 165 of the constitution states that the courts are independent and subject only to the Constitution and the law, which they must apply impartially and without fear, favour or prejudice. Moreover, Article 25 of the constitution guarantees the right to property ownership except in terms of law of general application, and no law may permit arbitrary deprivation of property thereby providing an effective protection to property rights in the country. Contract rights are also adequately respected and enforced. Private ownership of property and Property rights are guaranteed in the constitution of the country. The 2022 edition of the Mo Ibrahim Index of African Governance ranked South Africa 6th on the continent with an overall score of 67.7. The country performed best I the component of Participation, Rights and Inclusion with Rank 4 and a score of 73.7 followed by Rank 5 in terms of Foundations of Economic Opportunity and Security and Rule of Law (Rank 6). It is however lagging in terms of Human Development (Rank 9). While South Africa improved in the pillars Participation, Rights and Inclusion (plus 3.9) and Foundations of Economic Opportunity (plus 1.6 compared to the average of 2012 to 2021) it fell behind in terms of Human Development (minus 0.5) and Security and Rule of Law (minus 1.5). Concerning Rule of Law & Justice, a sub-component of Security and Rule of Law – South Africa scored 72.2 with a 5th rank but slipped to Rank 6 with 69.7[1].

Foreigners can own and register a mortgage on immovable property in South Africa without restrictions. Loans to legal aliens of up to 50% of the purchase price are available from South African financial institutions. To ensure repatriation, all foreign funds remitted to South Africa must be declared and documented, and the property must be endorsed ´non-resident´. South Africa boasts a first-world property registration system that is guaranteed and secure; conducting property surveys is unusual. For peace of mind, one may freely access records of the property interest at the office of the Registrar of Deeds. The South African property market is dominated by a few estate agents, while private sales are rare. By law, the agent is obligated to prepare a written letter of offer. This will be submitted to the seller for approval. Both parties must sign upon acceptance. At this point, the letter of offer effectively becomes an Agreement of Sale that is legally binding to both parties. Payment of a 10% deposit is usual. The seller then appoints a real estate attorney (conveyancer) to handle the formal processes of transfer. Your identification documents must be submitted for the registration procedure conducted at the Deeds Registry. This, and the settlement of all the government duties, is usually accomplished in six to eight weeks. When the buyer´s name has been recorded as the new owner, the remaining balance must be paid. The conveyancer will be responsible for delivering the title deed to the new owner. Seven procedures are involved in registering a property transfer, completed in about 21 days.

South Africa property rights index (Heritage foundation) declined from 68 in 2018 to 58 in 2020 because there are a lot of concern on the land reform debate and proposals to redistribute land rights even if currently the property rights are well protected and contracts are generally secure. South Africa benefits from a robust legal framework and courts that process judicial cases reliably and competently.

The Heritage Foundation described South Africa's overall rule of law as weak in the 2023 Index of Economic Freedom[2]. The score for property rights dropped to 42.5 from 58 in 2020 or even 68 in 2018, which is below the world average. In contrast, its judicial efficiency is rated above the world average at 59.1.

The International Property Rights Index 2023 -- which measures the degree to which a country's laws protect private property rights and the degree to which its government enforces those laws – places South Africa 55 globally (out of 125) and third in Africa with a score of 5.2. South Africa is rated strongest in terms of Intellectual Property Rights (5.4 – Rank 52), but weakest in terms of Physical Property Rights (5.0 – Rank 61). Law and political environment scored like the overall average 5.2 (Rank 52). The overall score reflected a decline by 6.2% compared to 2022, mainly because of a decline in the IPR score by 13.9%. The score and ranking reflects also a deterioration compared to 2020 when South Africa was ranked 45 globally and an overall score of 6.2.

[1] 2022 IIAG Scores, Ranks & Trends – South Africa - https://assets.iiag.online/2022/scorecards/2022-IIAG-scorecard-za.pdf

[2] Heritage Foundation, 2023 Index of Economic Freedom - https://www.heritage.org/index/country/southafrica

12.b. Predictability, transparency, and impartiality of laws affecting economic activity

Type de score	Valeur
Score de brouillon	4.5
Score révisé	4.5
Score de deuxième brouillon	4.5
Score final	4.5

Notes du pays:

South Africa has a world-class and progressive legal framework. The country has a strong legislation governing commerce, labour and maritime economic activities. Laws on competition policy, copyright, patents, trademarks and disputes conform to international norms and standards.

There are limited restrictions on inflows and outflows of capital under exchange controls. The Exchange Control Department at the South African Reserve Bank administers the foreign exchange policy. The exchange control has been progressively relaxed over the past two decades. Large and complex inward Foreign Direct Investments and domestic mergers and acquisitions undergo rigorous screening and approval process including ensuring compliance with the country's Competition Laws. Domestic as well as foreign companies can raise funds from the local capital market without restriction. South Africa's Johannesburg Stock Exchange is in the top 20 globally of Stock Exchanges in terms of market capitalis ation[1]. South Africa provides robust protection to foreign direct investors.

The tax laws are fair, generally internationally competitive and do not put undue burden on economic activities. Tax rates are not regarded by businesses as a major obstacle to doing business in South Africa.

The legal system is efficient in delivering judicial service as the above world-average score in judicial efficiency based on the Heritage Foundation 2023 Index of Economic Freedom indicates.. The score dropped from 66 in 2018 to 38 in 2020 but improved significantly to 59 in 2023.

The judiciary is independent, and the rule of law is respected as provided in the constitution of the country. Article 165 of the constitution states that the courts are independent and subject only to the Constitution and the law, which they must apply impartially and without fear, favour or prejudice. Moreover, Article 25 of the constitution guarantees the right to property ownership except in terms of law of general application, and no law may permit arbitrary deprivation of property thereby providing an effective protection to property rights in the country. Contract rights are also adequately respected and enforced.Foreigners can own and register a mortgage on immovable property in South Africa without restrictions. Loans to legal aliens of up to 50% of the purchase price are available from South African financial institutions. To ensure repatriation, all foreign funds remitted to South Africa must be declared and documented, and the property must be endorsed ´non-resident´. South Africa boasts a first-world property registration system that is guaranteed and secure; conducting property surveys is unusual. For peace of mind, one may freely access records of the property interest at the office of the Registrar of Deeds. The South African property market is dominated by a few estate agents, while private sales are rare. By law, the agent is obligated to prepare a written letter of offer. This will be submitted to the seller for approval. Both parties must sign upon acceptance. At this point, the letter of offer effectively becomes an Agreement of Sale that is legally binding to both parties. Payment of a 10% deposit is usual. The seller then appoints a real estate attorney (conveyancer) to handle the formal processes of transfer. Your identification documents must be submitted for the registration procedure conducted at the Deeds Registry. This, and the settlement of all the government duties, is usually accomplished in six to eight weeks. When the buyer´s name has been recorded as the new owner, the remaining balance must be paid. The conveyancer will be responsible for delivering the title deed to the new owner. South Africa property rights index (Heritage foundation) declined from 68 in 2018 to 58 in 2020 and to 435 in 2023 because there are a lot of concern on the land reform debate and proposals to redistribute land rights even if currently the property rights are well protected and contracts are generally secure. South Africa benefits from a robust legal framework and courts that process judicial cases reliably and competently.

[1] https://www.jse.co.za/news/news/solid-performance-poises-jse-future-growth-2022-financial-results-show

12.c. Difficulty in obtaining business licenses

Type de score	Valeur
Score de brouillon	4.5
Score révisé	4.5
Score de deuxième brouillon	4.5
Score final	4.5

Notes du pays:

South Africa has a vibrant private sector, generating 75% of the country’s GDP. In line with this, between 1990 and 2019, the value of domestic credit to the private sector as a percentage of South Africa's GDP almost doubled. In 2019, the value of domestic credit to the private sector in South Africa was 129% of the country's GDP, up from 78% in 1990. This trend, however, reversed substantially in 2021 when credit extended to the private sector dropped by 15.8 percentage points to below 100% - the lowest level in recent years[1]. The overall business environment is conducive for private sector investment, but significant challenges remain, notably in terms of energy access and trading across borders.

The Business Act 71 of 1991 governs which businesses need a trade license. According to the Business Act there are certain businesses that are excluded from needing a business license. All banks in South Africa provide information to clients who are starting a new business to know if whether the business needs a business license before it can trade. Trading licenses differ from province to province and the rates to pay are provided on the municipality websites. Municipalities’ officers are available to provide response to request from potential investors in the Country. South Africa is among the top economies that rank as conducive markets when it comes to the ease of doing business. Being the second biggest economy in Africa, the country attracts attention from the international business community. In most cases, an SME can be either a sole proprietorship or a partnership. Nonetheless, after starting a business operations, it is required by law to register for an income tax reference number within 60 days. To legalize a small business, the application process for the right business permits and licenses is made with local authority. “Intergate Immigration” is aSouth African immigration services company which assist foreign entrepreneurs with their ambition to create a business in South Africa. Intergate Immigration made an assessment free of charge of your circumstances and requirements. Intergate Immigration has a website where immigrants could consult all the requirements for starting a business as a foreigner in South Africa. Also, “New World immigration” is also available to assist large corporates in setting up their businesses in South Africa. Foreigners who are contemplating investing in the South African economy by establishing a business or by investing in an existing business in the country have also the choice of working with all South African Embassy on how to apply for a business permit. The application for Business permit can take 4 -6 weeks to compile as the application to the Department of Home Affairs will require certain supporting South African Business Visa Information and these preparations will need to be concluded prior to submission.

[1] https://www.statista.com/statistics/592434/domestic-credit-to-private-sector-as-share-of-gdp-south-africa/

12.d. Crime and violence as an impediment to economic activity

Type de score	Valeur
Score de brouillon	3.5
Score révisé	3.5
Score de deuxième brouillon	3.5
Score final	3.5

Notes du pays:

The building of an active citizenry with strengthened community partnerships in policing is one of thekey objectivesof the 2019-2024 Medium Term Strategic Framework (MTSF), the 2020-2025 Strategic Plan and 2020/21 APP of the SAPS. Hence, knowing your neighbour is a key component in strengthening the community and taking care of each other. According to a report, “the proportion of households who know their neighbours’ names increased from 91,9% in 2019/20 to 93,3% in 2022/23. In 2019/20 about 85,8% of the households would ask their next-door neighbours to watch their house. However, in 2022/23 this percentage dropped to 84,7%”[1]. However, the same report mentioned that more than 50% of the households indicated that they have no knowledge of active forums that discuss or deal with community-related issues in their areas. This is an area that needs to be addressed.

The rate of homicides is a major concern in South Africa. Although the ratio declined from som 60 per 100,000 population in 1994 to some 42 in 2021, it is way above the global average of 6.1 according to the United Nations Office and Drugs and Crime[2].The rate was only exceeded by Jamaica with 52 per 100,000. The high rate of homicides can have a negative impact on Foreign Direct Investment since it at least increases the cost of doing business. The prevalence of crime and violence is also reflected in the country’s ranking and scoring in the Mo Ibrahim IIAG 2022. In terms of absence of crime, South Africa ranks at the bottom of all African countries (Rank 54) with a score of 22.1. The scores and ranking in terms of Absence of violence against civilians and Absence of armed conflict are only slightly better namely Rank 38 and Rank 33[3].

[1] https://www.statssa.gov.za/?p=16562

[2] https://ourworldindata.org/homicides

[3] 2022 Ibrahim Index of African Governance - https://assets.iiag.online/2022/2022_Country_Scorecards.pdf

13. Quality of Budgetary and Financial Management

Score du critère: 5.25

13.a. Comprehensive and credible budget

Type de score	Valeur
Score de brouillon	5.5
Score révisé	5.5
Score de deuxième brouillon	5.5
Score final	5.5

Notes du pays:

The Constitution and the Public Financial Administration Act (No. 1 of 1999) (PFMA) provide the legal framework for a sound and transparent fiscal system in South Africa. They also give Parliament a key role in overseeing public finances and holding the executive accountable. The Medium-Term Expenditure Framework (MTEF), introduced in 1999, is a three-year rolling budget that allocates resources according to strategic priorities and performance. The Municipal Financial Administration Act (MFMA) regulates the financial management of municipalities and aims to improve service delivery and accountability at the local level.

The MTEF is a forward-looking system that guides the budget process in South Africa. It sets out the expected resources for the national and provincial governments for the next three years. The MTEF is updated every year and presented to the legislature. The budget process or budgeting is the way governments plan and approve their spending. The MTEF helps the authorities to have a medium-term (three years) perspective when they prepare the budget. The first year of the MTEF is the official budget year, while the other two years are projections for future budgets. The legislature only votes on the first year of the MTEF, not the other two years. The Medium-Term Budget Policy Statements (MTBPS) report on the implementation of the current budget and the changes in the allocations for the remaining years of the MTEF. The MTBPS is released in October every year.

The Minister of Finance (MoF) presents the annual budget along with a detailed Budget Review report that covers various topics such as macroeconomic outlook, fiscal policy stance, consolidated government spending plans, public borrowing requirements, financial position of public sector institutions, and progress report on the implementation of public sector infrastructure spending. The Budget Review is accessible to the public, online on the website of the Ministry of Finance.

The Government allocates a large share of the national budget to social protection programs. In FY22/23, social protection expenditure amounted to ZAR 233 billion (about 11% of the total budget), reaching about 18.6 million people in need. This is an increase from ZAR 88.3 billion (10.8%) in FY10/11, which supported about 14.9 million people, and ZAR 154 billion (11.2%) in F15/16, which helped about 16.9 beneficiaries.

The 2021 Open Budget Index, based on an Open Budget Survey by the International Budget Partnership (IBP), shows that South Africa is among the top countries in the world for fiscal transparency. With a score of 86 out of 100, South Africa ranks second, only one point behind Georgia. Sweden and New Zealand share the third place with 85 points, followed by Mexico with 82 points. This reflects South Africa's strong commitment to transparency in its political governance system. The survey also assesses the quality of oversight by legislatures, independent fiscal institutions and supreme audit institutions, as well as the opportunities for public involvement in national budget processes. South Africa scores 81 out of 100 for budget oversight, and 19 out of 100 for public participation. The global average for public participation is 14 out of 100. South Africa scores 72 out of 100 for legislative oversight, and gets full marks for audit oversight. South Africa has taken action based on previous surveys to improve fiscal transparency. The National Treasury indicates that it is already implementing measures after the last index survey results, such as joining the Fiscal Openness Accelerator pilot project with IBP and the Global Initiative for Fiscal Transparency to enhance public involvement in the budget process.

13.b. Effective financial management systems

Type de score	Valeur
Score de brouillon	5.0
Score révisé	5.0
Score de deuxième brouillon	5.0
Score final	5.0

Notes du pays:

The Public Finance Management Act (PFMA) of 1999 regulates how public sector institutions at the national and provincial levels manage their financial resources. The Municipal Financial Management Act (MFMA) of 2003 sets the rules for financial management in local government. The Auditor General checks the quality of the financial management system every year by conducting regular audits. The Auditor General assesses the effectiveness of the financial management system on an annual basis by conduction regular audits.

The Auditor General of South Africa (AGSA) is an independent constitutional institution that derives its mandate, powers and independence from Section 188 of the Constitution of South Africa and the Public Audit Act (2004) as amended in 2018. The President appoints the AGSA for a single, non-renewable term of between 5 and 10 years, based on the recommendations of the National Assembly. The AGSA can only be removed from office for incapacity, incompetence, or misconduct, with the support of at least two thirds of the Assembly. The AGSA has unrestricted access to all records and staff of the entities that it audits. The AGSA is also financially and operationally independent. The AGSA does not depend on parliamentary votes for its income, but charges fees to the entities that it audits. The AGSA consults with the SCAG on its fees and annual budget. The Parliamentary Standing Committee of the Auditor General (SCAG) also appoints a private audit firm to audit and report on the AGSA's performance every year. The AGSA determines its staff's conditions of service, which has contributed to the professionalization of its staff. The AGSA audits and reports on the financial and performance statements of national and provincial departments, municipalities and other public institutions as well as majority-owned companies receiving funds from the General Revenue Fund, and submits audit reports to the relevant legislature (National Assembly, Provincial Council, Municipal Council).

The AGSA conducts audits in a comprehensive and coordinated manner, reaching almost all of its planned auditees and delivering audit reports on schedule. An audit team consists of experts from various units as needed, such as forensic audit, IT audit and environmental audit, and performs a wide range of audits, such as systems audits, financial and compliance audits, procurement, payroll and information technology audits. The AGSA follows International Standards for Supreme Audit Institutions (ISSAIs), issued by INTOSAI, as well as International Standards of Auditing (ISAs) adapted for the public sector where public entities are involved. The only challenge, if any, is the timeliness of implementation of audit recommendations, where the corrective actions are not always monitored or addressed promptly.

The 2018 amendment to the Act further empowered the AGSA to act directly against defaulters, where no action has been taken to recover losses identified by audit. This has already helped improve recoveries by substantial amounts in the short period since the Act went live.

The Integrated Annual Report for FY21/22 was released by the AGSA and discussed with the Parliamentary Standing Committee on Public Accounts and Appropriations (SCOPA) in October 2022. The report revealed that by April 2022, there were 327 material irregularities that caused a financial loss of ZAR 14.7 billion. The breakdown of the irregularities showed that local government was responsible for 185 cases (ZAR 3.9 billion), provincial government for 82 cases (ZAR 2.2 billion), and national government including state-owned enterprises for 60 cases (ZAR 8.6 billion).

Subsequently, the standalone Local Government Audit Report for FY 2021/22 was published by the Auditor General on May 31, 2023. The report covered the audits of 257 municipalities and 17 municipal entities with a combined budget of ZAR 539.13 billion for FY21/22. The submission of financial statements by the due date improved from 81 percent in the previous year to 91 percent in FY21/22, which was equivalent to 19 more municipalities. This improvement was mainly attributed to the provincial government’s support to municipalities and the effect of our enforcement mandate. The report, therefore, presented the audit results of 238 municipalities that met the January 31, 2023, deadline. The audit outcomes showed that 38 percent of municipalities complied with the legislation and had unqualified and clean audits; 104 municipalities and 15 municipal entities had unqualified audits with findings; 78 municipalities and 1 municipal entity had qualified audits with findings; 6 municipalities had adverse audits with findings; 15 municipalities and 1 municipal entity had disclaimed opinions; and 16 municipalities had pending audits...

Non-compliance with procurement processes, resulting in the purchase of goods and services at inflated prices, which led to an estimated loss of ZAR 2.08 billion in FY21/22, compared to ZAR 1.26 billion FY20/21. In cases where procurement was not fair, transparent, competitive and cost effective, municipalities acquired goods and services worth ZAR 21.79 billion at prices that may have been higher than necessary because they either did not adequately test market prices or choose the most cost-effective options. Eskom and the water boards are in the difficult situation of being required to continue delivering services despite not being paid. By year-end, municipalities owed Eskom and the water boards ZAR 36.36 billion and ZAR 14.34 billion (including interest), respectively. Adding to these financial woes, local government is losing billions of rand each year because of interest and penalties. In FY21/22 alone, the fruitless and wasteful expenditure resulting from this came to ZAR 3.58 billion. The inefficient use of funds is also a concern, with interest and penalties – mainly due to late payments – accounting for most of the ZAR 174 million wasted. Another challenge is the high-water losses, which amounted to ZAR 630 million (37% of all water purified) due to theft and a lack of maintenance.

Despite these shortcomings, most municipalities have shown best practices in several areas, such as having stable and committed leadership that fosters a culture of control and governance. They also monitor their audit action plans regularly and address any audit findings promptly. Moreover, they are proactive in identifying and managing emerging risks that may affect their performance.

13.c. Timely and accurate fiscal reporting

Type de score	Valeur
Score de brouillon	5.0
Score révisé	5.0
Score de deuxième brouillon	5.0
Score final	5.0

Notes du pays:

The Government of South Africa follows the IMF's 2001 Government Finance Statistics (GFS) Manual and the 1993 United Nations System of National Accounts (SNA) to report its budget. These standards help measure economic indicators such as gross domestic product, gross national income, savings, capital formation and other economic variables. The national accounts include all the units that reside in the economy, which are grouped into five sectors, one of them being the government.The public accounts only show the government's activities. This means that there will be some discrepancies between the two accounting systems.

The economic reporting format (ERF) is a modified version of the GFS that South Africa adopted in 2004 to meet its own reporting requirements. The ERF is compatible with the standard chart of accounts (SCOA), which allows line-item budgeting. The ERF classifies all government transactions into three broad categories: revenues, payments, and financing. In 2014, the state's consolidated account switched to a new format that separates the state's operating activities from its capital infrastructure investment projects. The new format also eliminates the extraordinary items, which were previously included in the main budget presentation. The new balance is more transparent and user-friendly than the old one.

Government departments in South Africa have a robust system of internal audit and control, which is overseen by the audit committee of the legislature, the national treasury and the auditor general's office. The Auditor General conducts annual audits of national and provincial institutions (PFMAs) and local governments (MFMAs) andsubmits the findings to the legislature every year.

The National Treasury's projections of key fiscal aggregates are consistent with those of private sector economists, other reputable organizations, and international budget experts. The budget forecasts are subject to public scrutiny by Parliament, which enhances the credibility and timeliness of the budget process. Compared to other countries, South Africa's official forecasts of fiscal balances are reliable.

13.d. Clear and balanced assignment of expenditures and revenues to each level of government

Type de score	Valeur
Score de brouillon	5.5
Score révisé	5.5
Score de deuxième brouillon	5.5
Score final	5.5

Notes du pays:

The three levels of government in South Africa are national, provincial, and local. They have their own powers and functions, but they also work together and depend on each other, like a federal system. The Intergovernmental Fiscal Relations Act of 1997 (IGFRA) sets the rules for how the different levels of government manage their finances and budgets. This actpromotes decentralization and requires each level of government to prepare its own budget.

According to the IGFRA rules and the annual Division of Revenue Act (DoRA), the national government transfers funds to provincial and local governments. The allocation of expenditures and revenues to each sphere is transparent. The DORA is passed every year to comply with Section 214 of the constitution, which requires a fair share of national revenues among the three spheres of government. The annual DORA sets the allocations to local government for the medium term.

The DoRA of 2022, which was published in Government Gazette No. 4649 of June 15, 2022, outlines how the national revenues will be shared among the three levels of government (national, provincial, and local) for FY22/23. It also specifies how much each province will receive from the national revenues, how the national government will allocate funds to the provinces, local government, and municipalities, what are the roles and responsibilities of each level of government under this arrangement, and other related matters.

Provinces in South Africa have the mandate to deliver basic education and health services, roads, housing, social development and agriculture. Municipalities are in charge of basic services such as water, sanitation, electricity grids, roads and community services. Provincial and municipal governments face multiple pressures in the medium term as the government cuts spending growth and poor economic performance affects other revenues and funding sources. In FY22/23, out of the total revenue of ZAR 1,703.6 billion collected nationally, the national government received 50.1 percent, while provincial and local governments received 40.7 percent and 8.7 percent, respectively. The low allocation to local governments means that the local government sphere has to generate t most of its revenue from various sources.

Nevertheless, lack of capacity hinders the effective mobilization of local resources and the use of the budget to deliver public services.The Auditor General's FY20/21 report on local government finance reveals that many local government authorities (LGA) are facing financial difficulties due to low revenue collection, poor budget management, and weak accountability systems. The report shows that LGAs owed ZAR 305.8 billion to service providers by the end of 2022, mainly due to low payment rates by consumers of municipal services. This affects the service delivery and fiscal stability of state-owned enterprises (SOEs) such as Eskom and the Water Boards, which rely on LGAs to pay their bills on time. The financial problems of these entities also prevent them from complying with tax and pension rules.

A new monitoring system has been designed by the National Treasury and the Ministry of Cooperative Governance and Traditional Affairs to enhance the financial performance of local government. The formula for allocating the local government equitable share has been revised to reflect the expected changes in household numbers, inflation, and bulk water and electricity prices over the MTEF period. An indirect component of the municipal infrastructure grant was introduced starting from FY21/22 to assist municipalities in improving their asset management practices.

14. Efficiency of Revenue Mobilization

Score du critère: 5.5

14.a. Tax policy

Type de score	Valeur
Score de brouillon	5.5
Score révisé	5.5
Score de deuxième brouillon	5.5
Score final	5.5

Notes du pays:

Tax revenue is the largest source of government revenue in South Africa. The Covid-19 pandemic had a significant impact on tax revenue collection, which fell from 23.6 percent of GDP in FY19/20 to 22.1 percent in FY20/21. However, gross tax revenue bounced back, rising to 24.9 percent of GDP in FY21/22 and further to 25.6 percent in FY22/23.The higher revenue collection resulted from windfall tax receipts from elevated commodity prices in 2022 and a widespread recovery in corporate tax collections. Averaging 23.5 percent during FY19/20-22/23, South Africa’s tax-to-GDP ratio is higher than the Africa’s average of about 17.0 percent, owing to the efficiency of the South African Revenue Service (SARS). The tax revenue outcome for FY22/23 was ZAR93.73 billion above the budget estimate, showing the strong performance in revenue collection. Gross tax revenue for FY23/24 is projected to slightly decrease to 25.1 percent of GDP in FY23/24. The bulk of revenue is generated by three main types of taxes, namely personal income tax, which accounts for 35.3 percent of total tax revenue in FY22/23, followed by value-added tax (25%), and corporate tax (20.2%).

The revenue projections for FY22/23 and 23/24 were based on the assumption that there would be no major changes in tax rates, except for annual adjustments of personal income tax brackets, levies, and excise duties for inflation. The government implemented several tax reforms in FY 22/23, such as: (i) adjusting the personal income brackets and rebates upward by 4.5 percent in line with inflation; (ii) increasing medical tax credits from ZAR 332 to ZAR347 per month for the first two members, and from ZAR224 to ZAR234 per month for additional members; (iii) expanding tax incentive through a 50 percent increase in the maximum monthly value to ZAR1,500; (iv) reducing the corporate income tax rate from 28 percent to 27 percent for companies with years of assessment ending on or after March 31, 2023; and (v) increasing excise duties on alcohol and tobacco by between 4.5 and 6.5 percent. The government also proposed further tax measures for FY23/24, including: (i) a tax relief totaling ZAR 13 billion in 2023/24 to support the clean energy transition, increase the electricity supply and limit the impact of consistently high fuel prices; (ii) ZAR 4 billion in relief provided for individuals that install solar panels, and ZAR 5 billion to companies through an expansion of the renewable energy tax incentive; (ii) increased in excise duties on alcohol and tobacco in line with expected inflation of 4.9 percent. The rate for sparkling wine is pegged at 3.2 times that of natural unfortified wine.

As part of its broader climate change mitigation policy, South Africa implemented a carbon tax in June 2019. The tax aims to reduce greenhouse gas emissions and encourage a transition to a low-carbon economy. The tax started at ZAR120 per tonne of carbon dioxide equivalent (MtCO2-eq) in 2019 and has increased by inflation plus 2 percent every year, reaching ZAR144 in 2022. The Government plans to publish a paper on carbon tax options in 2023 to seek public input. The second phase of the tax will start in 2026, with the tax rate rising faster every year to reach ZAR450 by 2030. This aligns with the country's revised Nationally Determined Contribution (NDC).

The Employment Tax Incentive (ETI) is a tax benefit that aims to boost the employment of young workers who lack work experience. Its first phase was introduced in 2014, and the ETI has been extended for another five years until 2024. The employer can benefit from the ETI by reducing the PAYE amount by the total ETI amount calculated for eligible employees. The eligibility criteria include being under 30 years old and earning less than R6,500 per month. The incentive is mainly a PAYE deduction of a part of the salary of a qualifying worker.

14.b. Tax administration

Type de score	Valeur
Score de brouillon	5.5
Score révisé	5.5
Score de deuxième brouillon	5.5
Score final	5.5

Notes du pays:

The South African Revenue Service (SARS) is the agency that administers taxes in South Africa. It was created by the SARS Act of 1997, and has the following objectives: to collect all the revenues that are owed; to ensure that taxpayers and traders comply with the tax and customs laws; and to provide a customs service that maximises revenue collection, secures our borders and supports legitimate trade. Its activities are guided by various main laws, such as: Income Tax Act, 1962; Customs and Excise Act, 1964; Value-Added Tax Act, 1991; Tax Administration Act, 2011; and Employment Tax Incentives Act, 2013.

SARS is responsible for ensuring that taxpayers and traders comply with the laws and regulations that govern their activities. This is the core of the SARS Compliance Programme, which is updated every year and included in its Annual Performance Plan. The National Treasury and SARS have reported to the Parliamentary Standing Committee on Finance on the progress of implementing the recommendations of the Commission of Inquiry into Tax Administration and Governance of SARS. SARS is making several changes to improve its tax administration processes.

New Customs Act Programme (NCAP, 2015-2021): SARS' NCAP was a six-year project that aimed to modernize the customs legislation and systems in line with the new Customs Control and Duty Acts. The project covered three main areas: conveyances and goods (RCG), which dealt with the reporting of goods and vehicles entering or leaving the country; registration, licensing and accreditation (RLA), which regulated the registration, licensing and accreditation of customs clients; and declaration and procession systems (DPS), which processed the declarations of imported or exported goods. The project was part of SARS's Vision 2024, which had nine strategic objectives (SOs) to improve the customs environment. These objectives were:

- SO1: To provide clear and certain guidance to taxpayers and traders on their customs obligations.
- SO2: To make it easy for taxpayers and traders to comply with their customs obligations through simple and convenient processes and services.
- SO3: To detect and deter non-compliance by taxpayers and traders, and to impose appropriate sanctions and penalties.
- SO4: To develop a skilled, diverse, agile, engaged, and evolved workforce that can deliver high-quality customs services.
- SO5: To increase and expand the use of data and knowledge management to ensure data integrity, generate insights, and improve outcomes.
- SO6: To modernize the customs systems and platforms to provide digital and streamlined online services.
- SO7: To demonstrate effective resource stewardship by ensuring efficiency and effectiveness in delivering quality outcomes and performance excellence.
- SO8: To work with stakeholders to improve the customs ecosystem and foster collaboration and cooperation.

SARS has undertaken various measures to improve its tax collection and efficiency. These include a revenue recovery program that aims to increase revenue by 5 percent to 10 percent by reducing exemptions, simplifying the tax system, and expanding the tax base. SARS has also reduced the number of tax brackets from ten to six, removed the child rebate to prevent fraud, and increased the primary rebate annually. Additionally, SARS has increased the carbon tax rate progressively from 2023 to 2030, introduced taxation on vaping products, and extended the sunset date for the Research and Development tax incentive.

15. Quality of Public Administration

Score du critère: 4.667

15.a. Policy coordination and responsiveness

Type de score	Valeur
Score de brouillon	5.0
Score révisé	5.0
Score de deuxième brouillon	5.0
Score final	5.0

Notes du pays:

The Policy Coordination and Advisory Services Commission located in the Office of the President coordinates government policy. The Commission monitors and evaluates the interpretation of policies and implementation of programs. The Commission also advices the President, the Deputy President and works closely with the Cabinet, the Cabinet Committees and the Director General cluster and national departments. The Commission is composed of the Economic Sector; Social Sector; International Relations, Peace and Security; Justice, Crime Prevention and Security; Governance and Administration; Special Programs; the Office on the Status of Women; the Office on the Rights of the Child; the Office on the Status of the Disabled Persons; Planning; Government wide Monitoring and Evaluation; and the Forum of South African Director Generals. The Department of Planning, Monitoring and Evaluation also plays a critical role in policy coordination and managing performance. The objective of the Department is to advance the strategic and developmental agenda of government through monitoring, reporting and recommending corrective measures on the implementation of the NDP and the MTSF targets and evaluating key government programs. The current focus of the Department remains the implementation of the NDP 2030 through the Medium-Term Strategic Framework 2019-2024.

The Commission facilitates strategic policy formulation; integrated policy formulation; monitoring and evaluation of implementation of policy; advising the Presidency on specific issues; implementation of planning framework; and support projects of the Presidency, among others. South Africa has a coherent and well-developed policy framework in virtually all sectors of the economy. The main challenge for the country is a lack of the requisite skills and capacity to overcome challenges linked to inequality, in order to implement these policies and improve the lives of the majority of the population, particularly in townships and rural areas.

South Africa is in the 3rd year of the implementation of the first Five Year Plan (Medium-Term Strategic Framework 2019-2024), which constitutes the secondfirst phase of the implementation of theNational Development Plan. Government's MTSF 2019-2024 approved in October 2019 is the planned manifestation of an implementation of the NDP Vision 2030, and the implementation of the electoral mandate of the Sixth Administration of government. It lays out the package of interventions and programmes that will achieve outcomes to ensure success in achieving Vision 2030. National elections are held every five years. The last national election took place in May 2019. The MTSF is the result of an intensive planning process involving all three spheres of government. It provides a framework for prioritizing and sequencing government programs and development initiatives in five-year cycles.

The Constitution of South Africa sets the rules for how government works. There are three spheres of government in South Africa: National government; Provincial government; Local government. The spheres of government are autonomous and should not be seen as hierarchical. The Constitution says: The spheres of government are distinctive, inter-related and inter-dependent. At the same time, they all operate according to the Constitution and laws and policies made by national Parliament. At the national level, laws and policies are approved by Parliament which is made up of the National Assembly and the National Council of Provinces (NCOP). The National Assembly is made up of members of Parliament, elected every five years. The President is elected by Parliament and appoints a Cabinet of Ministers. They act as the executive committee of government and each Minister is the political head of a government department. Every department prepares a budget for its work. The budgets are put into one national budget by the Treasury (Department of Finance), which has to be approved by Parliament. The Treasury has to balance the income and expenditure of government in the budget. There are nine provincial governments. Every province has a Legislature made up of between 30 and 90 members of the Provincial Legislature (MPLs). Each province has to develop a Provincial Growth and Development Strategy (PGDS) that spells out the overall framework and plan for developing the economy and improving services. Provinces also have a Spatial Development Framework (SDF) that says where and how residential and business development should take place and how the environment should be protected. The whole of South Africa is divided into 278 municipalities. Each municipality has a council where decisions are made and municipal officials and staff who implement the work of the municipality. The Council is made up of elected members who approve policies and by-laws for their area. The Council has to pass a budget for its municipality each year. They must also decide on development plans and service delivery for their municipal area.

However, the 2022 Bertelsmann Transformation Index report concludes that South Africa’s policy implementation has been relatively weak due to among other inefficiencies in the bureaucracy, corruption, and factional competition. The country scored six out of ten on this sub-component. It scored slightly better in the two sub-components of Steering Capacity within the Governance Performance pillar, namely seven out of ten for Prioritisation and Policy learning. Overall, South Africa was ranked 23rd out of 137 countries globally with a score of 6.10[1]. The score and ranking reflect a deterioration compared to 2020 when South Africa ranked 19th and scored 6.25.

[1] BTI 2022 Country Report – South Africa - https://bti-project.org/fileadmin/api/content/en/downloads/reports/country_report_2022_ZAF.pdf

15.b. Service delivery and operational efficiency

Type de score	Valeur
Score de brouillon	4.5
Score révisé	4.5
Score de deuxième brouillon	4.5
Score final	4.5

Notes du pays:

In spite of good progress made in delivering basic economic and social services to the poor in the past two decades, a significant proportion of rural and township dwellers lack access to basic economic and social services, including water, electricity, housing, roads, and health services. Over the years, communities have expressed lack of progress in delivering these services with service delivery protests. These protests are usually targeted at local governments and municipalities that are tasked with the delivery of these basic services.

The responsibility for Early Childhood Development was transferred to the Department of Basic Education. The ECD grant increased to ZAR3.7 billion for the MTEF starting FY2022/23. However, only 28.5% of children country wide attended ECD[1].

The local governments and municipalities are responsible for the delivery of most of the basic services. Currently, there are 257 municipalities in South Africa comprising of 8 metropolitan municipalities, 44 district municipalities and 205 local municipalities.

For example, in the area of health according to South Africa Yearbook 2021/22, 86.7% or ZAR166.6 billion of the Department's MTEF budget will be transferred to the provinces[2]. .

The 2018-19 report from the Cooperative Governance and Traditional Affairs Department highlighted a reduction in the number of dysfunctional municipalities. However, much still has to be done to improve the state of local government, especially considering the outcomes of the assessment of the state of local government, which identified 87 municipalities as distressed or dysfunctional. To address this, the Department initiated an intensive Recovery Programme focusing on governance, service delivery and financial management functional areas. Further, through the Department's implementing agent, the Municipal Infrastructure Support Agent (MISA) offered support to 55 of the distressed municipalities to spend their infrastructure allocations. The Department also deployed District Technical Support Teams to the affected municipalities consisting of engineers and town planners to build the long-term capacity that is needed to improve service delivery and management of those municipalities. In 2018/19, the Department built an Integrated Service Delivery Approach in the 57 municipalities that will be a constant source to beef-up the capacity to respond to challenges at local government level to help serve the population citizens.

The government framework to monitory service delivery known as Frontline Service Delivery Monitoring (FSDM) Operational Framework, was launched in 2011. The 2018/19 report indicated that since its inception in 2011, the Frontline Service Delivery Monitoring Programme has been monitoring public service facilities through both unannounced visits and improvements monitoring meetings. The programme aims to catalyze service delivery improvements and highlight the importance of monitoring to sector departments. As of November 2020, the programme has conducted unannounced visits to over 864 public service facilities and 130 facilities have been visited more than once in a bid to assist these facilities to improve the identified poor performing areas. The programme monitors the quality of service delivery by assessing the levels of compliance to service delivery standards of public service facilities. Eight (8) generic Key Performance Areas (KPAs) are assessed alongside sector specific service delivery standards.

The municipal infrastructure delivery programme comprises a substantial number (average of 2,500 a year) of small projects distributed across 257 municipalities. A fragmentation in infrastructure delivery leads to lower returns on public investment and poor service delivery. Too many projects imply huge administrative and financial burdens for the oversight bodies but also require municipalities to carry-out endless project feasibility studies that seldom move beyond project conceptualisation stage. The Government indicated that there is a need for municipalities to acquire and retain sufficiently qualified and skilled personnel to be responsible and accountable for performing various tasks along the infrastructure life cycle. The South Africa National Treasury indicated in 2019 that in the absence of internal skilled employees, municipalities rely on external contractors who often propose complex project designs unsuited to the needs and resources of municipalities.

The manner in which the grant framework is structured also creates challenges for coordinating project implementation at the local level, and accountability across levels of government. Ambiguity in roles and responsibilities further creates unnecessary duplication of grants and processes and congest the infrastructure delivery management machinery. This was especially evident in the water sector where the Bulk Water Infrastructure Grant and the Municipal Water Infrastructure Grant co-existed alongside the multi-sectoral MIG (responsible for financing water, roads, and sport facilities among other things). While the MIG is administered by COGTA, spending guidelines require that sector departments such as water, energy and sports should support and monitor municipal project implementation and even go as far as identifying projects. Ordinarily, such funding arrangements are poised to cause intergovernmental tensions and infrastructure delivery bottlenecks. To ensure sustainability, high-level policy discussions were about to reduce the number and size of entities in national and provincial governments.

In particular, the 2020/21 Technical Report, the Financial and Fiscal Commission (Commission) reflected on the performance of the fiscal framework; municipal functionality and the efficacy of interventions. Other challenges related to duplication of effort between different levels of government, disjuncture between the planning and financial annual cycles of provincial and local government, lack of capacity to undertake collaborative intergovernmental actions, and development plans that are not strategic or integrated. The duplication is both vertical and horizontal because it relates to uncoordinated actions between the province and municipalities, between provincial sector departments operating in the same municipality, as well as among neighboring municipalities. The 2020/21 Technical Report, the Financial and Fiscal Commission (Commission) reflected on the issues and challenges constraining local Government and made appropriate recommendations.

For the proper implementation of services, stakeholder groups composed of government members have been established. These government clusters are groupings of ministries with cross-cutting programmes. They promote an integrated approach to governance that aims to improve government planning, decision-making and service delivery. The main objective is to ensure good coordination of all government programmes at national and provincial levels.

The main functions of the groups are to ensure the alignment of priorities across government, to facilitate and monitor the implementation of priority programmes and to provide a consultative platform on cross-cutting priorities and issues that are referred to Cabinet.The CoGTA report cited above about 87 dysfunctional or distressed municipalities is supported by regular media reports about citizens' demonstrations against poor service delivery by local authorities. These protest sometimes even turn violent[3].

[1] South Africa Yearbook 2021/22 – Education, Science and Innovation - https://www.gcis.gov.za/sites/default/files/docs/gcis/5.Education%2C%20Science%20and%20Innovation.pdf

[2] South Africa Yearbook 2021/22 – Health - https://www.gcis.gov.za/sites/default/files/docs/gcis/9.Health.pdf

[3] The Institute for Justice and Reconciliation, 2023, Afro Barometer - South Africans call on government to deliver solutions to corruption, poor services.

15.c. Merit and ethics

Type de score	Valeur
Score de brouillon	4.5
Score révisé	4.5
Score de deuxième brouillon	4.5
Score final	4.5

Notes du pays:

South Africa's policy on managing human resources in public services emphasizes selection on merit as fundamental to ensuring that the Public Service recruits and promotes people of the highest calibre. This is to ensure that the person selected is the person best suited for the position, on the basis of his or her skills, experience, abilities, personal attributes, future potential as well as the need to achieve a representative and diverse workforce in the Public Service. While employment and promotion are in principle based on merit, to remedy the past injustices and exclusions of certain racial groups, the current government applies employment equity considerations in designated job categories. In some cases, cadre deployments in key state-owned institutions are also witnessed.

South Africa’s new public service regulation adopted in August 2016 introduced a new section on anti-corruption and ethics functions of public services. As part of the strategy to deal with corruption, an obligation is placed on executive authorities to designate such suitably qualified ethics officers to promote and advise on ethical behavior as well as to monitor unethical and corrupt activities. On 26 August 2020, the Office of the Chief Procurement Officer (OCPO) published a full list of all companies who have been awarded contracts by the government for the supply of goods and services relating to the Covid-19 pandemic. President Ramaphosa while answering questions during a parliamentary Q&A session on August 27, 2020 indicated that he authorized the Special Investigating Unit to probe any allegations relating to the misuse of Covid-19 funds across all spheres of the state. In November 2020, a top member of South Africa’s governing African National Congress party appeared in court, charged with corruption, in a rare sign that powerful members of the party could be held to account for pilfering of public funds.

The country also had developed a number of legal instruments to strengthen integrity and fight corruption in public services. The key legislations central to building ethics and integrity in public service include: The Protected Disclosures Act, Act 26 of 2000; Promotion of Administrative Justice Act, Act No. 3 of 2000 ; The Promotion of Access to Information Act, No. 2 of 2000; Promotion of Administrative Justice Act of 2000; Prevention and Combatting of Corrupt Activities Act, Act No. 12 of 2004; Financial Intelligence Centre Act, Act No. 38 of 2001; Public Finance Management Act, 1999; Public Service Act, Act No. 103 of 1994; The Public Service Regulations, 2001; and Municipal Finance Management Act, Act 56 of 2003. The Special Investigating Unit (SIU) was established 1996 in terms of the Special Investigating Units and Special Tribunal Act, Act No 74 of 1996 (SIU Act). The SIU is an independent statutory body that is accountable to Parliament and the President. Its primary mandate is to recover and prevent financial losses to the state caused by acts of corruption, fraud and maladministration.

The Ministry of Public Service has established a Public Administration Ethics, Integrity and Disciplinary Technical Assistance Unit, which provides technical assistance and support to institutions in all sectors of government on issues related to public service misconduct. In the medium term, the unit plans to develop norms and standards for ethics, integrity, conduct and discipline management. To this end, R64.9682.3 million has been allocated to the Public Administration Ethics, Integrity and Disciplinary Technical Assistance Unit for the period 2022/23 to 2024/25 amounting to an average growth rate of 4.8 percent. The amount equals 3.9 percent of the total Vote 11 - Public Service and Administration or 21.1 percent of Programme 3: Negotiations, Labour Relations and Remuneration Management within this Vote under which it falls [1].Ethics and Integrity Management sub-programme of the Public Administration Governance programme, which has a total budget of R201.5 million in the medium term. Expenditure on the programme is expected to decrease to R72.1 million in 2022/23, following the creation of a separate vote for the Public Service Commission (PSC).

The Minister of Public Service and Administration has launched the Anti-Corruption Bureau to expedite disciplinary matters in the public sector. The office is part of the amendments to the Civil Service Act 1994. The office conducts investigations, institutes disciplinary proceedings and works with existing law enforcement agencies, such as the Special Investigation Unit and the National Prosecuting Authority, as well as other related agencies such as the Financial Intelligence Centre and the Public Prosecution Service. The office should also provide technical assistance and advisory support in dealing with disciplinary matters in the public administration, while ensuring that the public sector applies uniform disciplinary standards.

Mechanisms to promote professional ethics and sound human resource management practices in the public service have been undertaken. In order to promote professional ethics and quality leadership among national and provincial heads of departments, the Commission plans to organise a capacity-building workshop in 2020-2021 focusing on leadership and ethics, including the principles of effective financial management. Related activities will be carried out under the Leadership and Management Practices programme, which will increase in expenditure at an average annual rate of 3.6%, from R46 million in 2019/20 to R51.2 million in 2022/23.In the coming year, the Commission plans to ensure that 80% of cases reported to the National Anti-Corruption Hotline are referred to the relevant departments within seven days of receipt. Related activities will be carried out under the Professional Ethics sub programme, which accounts for 37.6% (R72.4 million) of the Integrity and Anti-Corruption programme expenditure in the medium term.

The Public Service Commission (PSC) and the Office of the Public Protector also work to promote ethics and fight corruption in public service. The PSC derives its mandate from sections 195 and 196 of the Constitution, 1996. The function of the Public Protector is to ensure that government officials carry out their tasks effectively, fairly and without corruption or prejudice. The members of the public aggrieved by the conduct of government officials are able to lodge their complaints with the Public Protector, who will investigate them and propose appropriate remedial action. The public protector has been in the forefront of investigating and disclosing impropriety in the public services in the recent years. The Public Protector Office signed 80 reports including intervention letters of which 39 formal reports contained adverse findings and binding remedial actions [2]. According to its annual report 2018/2019, the PSC submitted a briefing document to the Presidency on key aspects of the Public Service that require attention in order to address the capacity, stability and integrity of the Public Service. Following an engagement between the PSC and the President of the Republic of South Africa, in December 2018, the PSC submitted an Aide Memoire to the Presidency on the Causes of Tensions at the Political Administrative Interface and their Impact on the Public Service.

However, South Africa’s score in the IIAG 2022 in terms of corruption has weakened by 6.5 points compared to the 2012 to 2021 average. South Africa is ranked 20th out of 54 African countries in terms of Absence of Corruption in the public sector, but slightly better in both Absence of corruption in state institutions and in the private sector ranking ninth. Overall, the country takes place 10 in Africa[1]. Similarly, South Africa’s score dropped by one in the Corruption Perception Index 2022 compiled by Transparency International to 43 out of 100 placing the country at 72 out of 180 countries. The country was ranked 70th a year earlier.

[1] IIAG 2022.

[1] South Africa Treasury, Vote 11 - https://www.treasury.gov.za/documents/national%20budget/2022/ene/Vote%2011%20Public%20Service%20and%20Adr

[2] Public Protector South Africa, Annual Report 2022/23.

15.d. Pay adequacy and management of the wage bill

Aucune donnée de score disponible pour ce sous-critère.

16. Transparency, Accountability, and Corruption in the Public Sector

Score du critère: 4.667

16.a. Accountability of the executive to oversight institutions

Type de score	Valeur
Score de brouillon	5.0
Score révisé	5.0
Score de deuxième brouillon	5.0
Score final	5.0

Notes du pays:

South Africa has strong oversight institutions and the executive is largely accountable to them. The two core branches of oversight institutions are Parliament and Constitutional Institutions Supporting Democracy, which include the Auditor General; The Public Protector; The Public Service Commission; The Human Rights Commission; and Commission for Gender Equality, among others. The legislator uses reports from these institutions and its own various parliamentary oversight committees, at both national and subnational levels, to ensure that the national and sub-national governments remain accountable to the people. The executive departments also submit annual reports to the relevant legislative oversight committees and perform internal audits. The annual departmental reports are made available to the public. However, the position of Public Protector has not been without controversy. The third Public Protector appointed in 2016 was suspended by the President in June 2022. The following legal process indicates, on the other hand, the independence of the judiciary system. A High Court ruling deemed the suspension unlawful, which was, however, rejected by the Constitutional Court in July 2023 [1]. In order to ensure the Public Protector's integrity and impartiality, guidelines for the recruitment process and appointment could be issued [2].

South Africa also has a strong and independent judiciary system, which is capable of reversing decisions taken by the executive branch thereby contributing to good governance. South Africa is a vibrant democracy. The three branches of government, the legislature, the judiciary and the executive are independent but work closely together to provide overall governance framework.

This provides effective checks and balances and nurtures transparency and accountability in public institutions. For example, in June 2020, President Cyril Ramaphosa's cabinet agreed to appeal the Gauteng High Court ruling on the matter of the country's alert level 3 and alert level 4 lockdown regulations. The Constitution states that Parliament has the power to conduct oversight of all organs of state, including those at provincial and local government level. The parliament conducts its oversight mandate through the various parliamentary working committees; standing Committee or portfolio committees. There are over 50 such oversight committees which investigate and suggest remedial actions for wrongdoing by public office bearers.

On oversight, both Houses of Parliament and their committees seek to hold the Executive accountable for budgets spent and programmes implemented. The Rules Committee of the Parliament embarked on a study tour to the United Kingdom in July 2023 to meet with House of Commons members and independent experts. The results of these meetings will inform the Rules Committee to strengthen parliamentary oversight of the executive.

South Africa was ranked overall 6th in Africa according to the IIAG 2022 report with a score of 67.7 in overall governance. The score improved by 0.9 points compared to the 2012-2021 average[1][3]. However, as the weakening ranking and score in the Corruption Perception Index 2022 indicates there remain challenges in the country with proper oversight and control. Strengthening the position of the Public Protector through increased transparency in the appointment process and the oversight function of parliament through improved mechanisms are examples of how accountability of the executive can be increased.

[1] See for instance: Mail & Guardian, 13 July 2023, Constitutional court holds Ramaphosa’s suspension of Mkhwebane was valid.

[2] The Conversation, 16 July 2023, South Africa’s public protector has a vital watchdog role. Researcher offers tips on how the selection process can be improved.

[1][3] Mo Ibrahim Foundation, 2023, 2022 Ibrahim Index of African Governance.

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16.b. Access of civil society to information on public affairs

Type de score	Valeur
Score de brouillon	5.5
Score révisé	5.5
Score de deuxième brouillon	5.5
Score final	5.5

Notes du pays:

South Africa has a vibrant civil society and media, which effectively offers an effective independent checks and balances. Civil society and Media freedom is respected in the constitution. There are a number of sections in South Africa's Constitution which deal directly with the concept of public participation. Section 32(1) of the South African constitution states that everyone has the right to access “any information held by the state” and requires that private bodies release information necessary for the exercise and protection of rights. One of the most far-reaching pieces of legislation passed is the Promotion of Access to Information Act 2 of 2000 (PAIA). The purpose of PAIA, in its own words, is “To give effect to the constitutional right of access to any information held by the state and any information that is held by another person and that is required for the exercise or protection of any rights”. PAIA, in recognition of the connection between the right of access to information and democratic accountability and transparency, makes a direct link between the ‘secretive and unresponsive culture in public and private bodies’.

South Africa also has a vibrant private and public print and broadcast media that is critical in ensuring free flow of information on public affairs thereby providing effective checks and balances. South Africa is one of the most open countries in terms of disclosure information that is of interest to public. For instance, South Africa ranks number 2 in Open Budget Survey published in 2022 out of 120 countries globally with a score of 86 out of 100. Thus, South Africa's budget information remains one of the most transparent in the world even though it signals a drop by one point and one place compared to the 2020 results[1].

South Africa has engaged civil society groups and enabling laws to create such institutions. The South African NGO Coalition (SANGOCO) established in 1995 coordinates non-government organizations' input into government policy. According to a national research study released in October 2017 on Civil Society in South Africa indicated that the number of registered non-profit organisations (NPOs) was 145,152 in October 2015. The Department of Social Development (DSA), which supplied these figures, indicated that numbers of registered NPOs "increase daily". In fact, more recent DSA statistics put the number of NPOs at 201,644.

South Africa's score improved to 79 out of 100 in the Freedom House 2023 report, with regards to Freedom of the Press. In terms of political rights, the country scores 33 out of 40 and 46 out of 60 in terms of civil liberties. Also, Freedom House assesses the level of internet freedom around the world through its annual Freedom on the Net report. With regard to the obstacles to access information, the limit of content and the violation of user rights, South Africa has a score of 73/100. While the country maintained its score in Global Freedom of 79 out of 100 compared to 2021 it improved the score from 70 to 73 in terms of Internet Freedom[2].

[1] International Budget Partnership, 2022, Open Budget Survey 2021 - https://internationalbudget.org/sites/default/files/country-surveys-pdfs/2021/open-budget-survey-south-africa-2021-en.pdf

[2] https://freedomhouse.org/country/south-africa/freedom-net/2023

16.c. State captured by narrow vested interests

Type de score	Valeur
Score de brouillon	3.5
Score révisé	3.5
Score de deuxième brouillon	3.5
Score final	3.5

Notes du pays:

In 2018, South Africa launched the State Capture Commission of Inquiry, which was set up following remedial actions proposed on allegations of influence peddling by wealthy business persons connected to government officials.   Many individuals have been summoned to testify before the Commission, including former president Jacob Zuma and other current and former government ministers and officials, as well as various business executives. Former president Jacob Zuma gave on 16 July 2019 testimony at the hearing regarding his role in state capture and corruption activities during his presidency.

Perception of corruption remains high in South Africa. The South African civil society organization “Corruption Watch”, received 2,168 reports of corruption in 2022. In terms of the hotspots of corruption, the highest number of reports were received from the mining sector (almost a quarter of cases) followed by the policing sector (11%), followed by schools and businesses at 8% each. These allegations of corruption have primarily featured bribery (17%), procurement corruption (16%) and mismanagement of funds (15%), all of which have affected the delivery of services and denied people their basic socio-economic rights. The data shows that local government counts for 33%, 28% of corruption reports involve national government, while and provincial government 26%. Three of the top five contributors are metropolitan areas – City of Johannesburg, City of Tshwane and City of Ekurhuleni[1].

South Africa ranks 72 out of 180 countries measured a score of 43 out of 100, according to Transparency International's Corruption Perceptions Index 2022 published in 2023[2].It is the same score it received in 2012 when it was included in the CPI.   The score and rank reflect an increase in the perception of corruption in the country. This elevated level of perception of corruption is in line with the domestic trends observed in the report by Corruption Watch indicated in the preceding paragraph. However, the score and ranking appear to be very lenient when considering the Zondo Commission of Inquiry into State Capture report. The report was released in 2022 and “Chief Justice Raymond Zondo noted in his introduction to the report, if the commission were to investigate all instances of state capture brought to its attention across provincial departments and municipalities, its work would have taken 10 years”[3]. This statement and the report have unearthed the extent of corruption in South Africa.

Fighting corruption in South Africa is one of Government’s key priorities. This priority is articulated in the National Development Plan (NDP) which tasks the country to develop a National Anti-Corruption Strategy (NACS) and a supporting implementation plan. The NDP further states that fighting corruption should involve all members of the society. The Anti-Corruption Inter-Ministerial Committee (ACIMC) was established in 2014 with the mandate to coordinate and oversee the work of the state organs in combatting the scourge of corruption in the public and private sector. The ACIMC is chaired by the Minister of Planning, Monitoring and Evaluation (DPME). The Anti-Corruption Task Team (ACTT) which has representatives from various law enforcement agencies was tasked by ACIMC to develop the NACS. The ACTT established a Steering Committee to drive the work of drafting the NACS, implementation plan and the monitoring plan. The Steering Committee conducted initial research and consultation process and public consultation to ensure buy-in from members of the society. Furthermore, the Steering Committee undertook public consultations in provinces to get additional inputs into the draft strategy. The Provincial Consultative Process included stakeholders from labour, civil society, business, government and the general public. Following the extensive consultative process and in line with the NACS Roadmap, a multi-stakeholder Reference Group has been established to provide overall strategic advice on the draft NACS and to ensure that the Strategy covers all aspects of fighting corruption in the country. The Reference Group, which consists of representatives of government, labour, civil society, business and academia is tasked with processing the NACS for approval by Cabinet and other key stakeholders. The first meeting to constitute the Reference Group took place on 13 September 2019.

A wide range of agencies are created to combat corruption in the country. These include, among others, the Special Investigating Unit, the Auditor-General, the Public Protector, the Public Service Commission, the South African Police Service, and the National Prosecuting Authority. The civil society organizations and the public are also playing a significant role in exposing corrupt practices in both public and private sectors.

The National Prosecuting Authority (NPA) derives its mandate from Section 179 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996). Section 179(2) expressly empowers the NPA to institute criminal proceedings on behalf of the state and to carry out any necessary functions incidental thereto. The Investigating Directorate (ID) under the NPA was proclaimed by the President on 4 April 2019. The ID is a temporary operational intervention established to deal with the immediate crisis caused by the corruption and compromise (also referred to as the ‘capture’) of state institutions, such as the security cluster (including the criminal justice sector and the intelligence agencies), State-Owned Enterprises (SOEs) (such as Eskom and Transnet) and other key government departments and agencies. Also, the Ministry of Public Service has put in place several anti-corruption initiatives including an anti-corruption bureau. The fight against corruption was intensified systematically in 2019/20, with several short- and long-term initiatives being implemented. This resulted in an increase of 17.8% in the number of persons convicted of either public and/or private sector corruption. During the current reporting period 2019/2020, a 94% conviction rate was obtained through the finalization of 422 cases with a verdict, and the conviction of 416 persons. For example, there are investigations into serious, high profile or complex corruption within Eskom. The ID is working closely with the SIU, the FIC, SARS and the SARB on a number of key corruption-related matters under investigation at Eskom. The corrupt procurement processes took place over a four-year period. Investigations are also ongoing relating to serious, high profile or complex corruption within Transnet. The ID obtained a freezing order of R1.6 billion for Regiments and related entities on the basis that the Gupta brothers used the entity as primary vehicle to extract value from Transnet. The ID executed a search warrant obtained in November 2019. Investigations were conducted on complex fraud and money laundering pertaining to awarding tenders and/or contracts as part of public private partnerships between the Free State Provincial Government and the Estina Company (Pty) (Ltd) from 2008-2018. A final forensic report was received in November 2019, which comprehensively addressed the flow of funds between the department and accounts within South Africa. A charge sheet that addresses the criminal activities that arose from this report was prepared.

[1] Corruption Watch, 2023, Accelerating Justice – Corruption Watch 2022 Annual Report

[2] https://www.transparency.org/en/cpi/2022

[3] Corruption Watch, 2023, Accelerating Justice – Corruption Watch 2022 Annual Report, page 9.

(E) Infrastructure and Regional Integration

Score du cluster: 4.584

17. Infrastructure Development

Score du critère: 4.667

17.a. Sector strategy/policy

Type de score	Valeur

Score de brouillon	4.5
Score révisé	4.5
Score de deuxième brouillon	4.5
Score final	4.5

Notes du pays:

In August 2021, the Department of Public Works and Infrastructure (DPWI) gazetted the draft National Infrastructure Plan 2050 (NIP 2050) for public comment. The NIP 2050 was prepared by Infrastructure South Africa (ISA) over a period of six months working closely with sector specialists and other stakeholders. Infrastructure development is critical to attaining South Africa's long-term economic and social goals. The NIP 2050 will ensure that the foundations for achieving the National Development Plan (NDP) vision for inclusive growth are supported. The NIP 2050 offers a strategic vision and plan that links top NDP objectives to actionable steps and intermediate outcomes. The NIP 2050 was developed in two phases. Phase 1 focused on bulk infrastructure such as energy, water, freight transport and telecommunications and was approved by Cabinet in March 2022. Phase 2 focuses on 'distributed infrastructure' in six areas including human settlement, municipal water, electricity and sanitation, etc. The draft Phase 2 plan was released for public inputs in October 2022 and comments had to be provided by December 2022 [1]. It was expected that the Phase 2 would be presented to Cabinet by March 2023. The NIP 2050 envisages to achieve the NDP objective of inclusive growth and an investment-to-GDP ratio of 30 percent of which one third should be contributed by the state. According to the Global Infrastructure Outlook 2018 report, in order to achieve the SDGs by 2030, South Africa needs to commit approximately USD23 billion in additional funding to the water and power sectors. Indeed, to meet the infrastructure needs by 2040 the country would need to spend an average of 4.35% of its GDP per year.

The Sustainable Infrastructure Development System (SIDS), which was launched on June 24, 2020 guides the country's infrastructure development agenda. The comprehensive SIDS methodology has been applied to an initial list of 177 infrastructure projects, with 55 compliant with the methodology that are worth some ZAR300 billion.

On August 17, 2020, the Department of Public Works and Infrastructure (DPWI), put into operation the Infrastructure Investment Fund. It is managed by Infrastructure South Africa and operationalized by the Development Bank of Southern Africa. The Infrastructure Fund complements the plan's focus on capital investments.

To improve infrastructure planning and fast-track a project pipeline, an Investment and Infrastructure Office has been created in the Presidency. The head of the presidency's Investment and Infrastructure Office will work with Infrastructure Fund managers, commercial banks and development institutions to overhaul traditional project-finance structures. Projects will be funded through debt markets, blended financing and, as a last resort, the public purse.

South Africa plans to tap global appetite for green bonds to help fund an infrastructure program worth as much as ZAR 2.3 trillion ($135 billion) over the next decade. The public works ministry and the infrastructure investment office in the presidency have started talks with investors and the JSE Ltd., which operates South Africa's main stock and bond exchange, and plans to launch its green-bond program before March 2021. Eligible projects could range from renewable energy to green public transport and water management. The Treasury developed then between 2020 and 2022 the Green Financing Taxonomy in close cooperation with other stakeholders.

In July 2020, South Africa's presidency designated the country's priority infrastructure projects, paving the way for the beginning of private investment in a ZAR2.3 trillion ($138 billion) program over the next decade. The Presidential Infrastructure Coordinating Commission Council issued a list of projects ranging from key water supply and irrigation developments to energy, roads, housing and fish-farming plans. While to date most infrastructure has been funded by the state, the country is now saddled with debt. The government is now seeking funds from development finance institutions, multilateral institutions and private pension funds. In total 276 projects have been earmarked for potential investment.

From 17 to 18 Nov. 2020, the Government hosted the Third SA Investment Conference in an effort to attract much-needed investment. The conference was part of the campaign to raise ZAR1.2-trillion ($78 billion) in new domestic and international investments over the next five years. After five cycles the amount of investment pledges stood at ZAR1.5 trillion in 2023 from a total of 317 projects of which 161 are either finalized or under construction[1][2].

While the first NIP 2050 focuses on foundational network infrastructure in energy, freight transport, water and digital communications the second NIP 2050 focuses on distributed infrastructure housing & human settlements, roads, municipal infrastructure, social infrastructure (schools & clinics), passenger transport. It was approved in March 2023[1][3].

Despite policies, programmes and strategies in place, the actual state of South Africa's infrastructure is less than optimal. While South Africa's infrastructure including transport and energy infrastructure was rated highly in previous years, this has turned around. South Africa has suffered from energy shortages since 2020 due to a variety of reasons including corruption, theft, sabotage, but also lack of maintenance as well as cost overruns and delays of new projects. During the winter 2023 electricity availability stood at just 48%, which was expected to improve to 60% after the end of the winter. The demand dropped from 33,000 MW during winter to 28,000 MW and instead of load shedding stage 8, loadshedding was scaled back to stage 6 [4]. Similarly, Transnet that is responsible for operating the railway and seaports could no longer provide reliable railway services due to a lack of spare parts and of security. This disrupted transportation links and affected in particular coal mining companies through either higher costs incurred from road transportation or even losing out on lucrative coal exports that could not reach the seaports.

Both the crippling energy and transport infrastructure affected economic activities in particular of the informal sector and micro-, small- and medium-sized enterprises that could not afford alternative arrangements for electricity. Farmers and the agricultural sector were also hard hit because of the unreliability of cold-storage facilities. The mining sector lost out on high global coal prices that they could not fully exploit due to loadshedding and lack of bulk transport opportunities. Furthermore, the continuous load-shedding affected the reliability of water supply in the country. This exacerbated the water crisis that is caused by underinvestment in water infrastructure, inefficient water management and a scarcity of water besides a growing population and the impacts of climate change [5]. The Covid-19 pandemic also highlighted the inadequate ICT infrastructure that prevented the education sector from moving to online learning. The inadequate and unequal ICT infrastructure affects the potential uptake of opportunities related to the Fourth Industrial Revolution [6].

The deteriorating infrastructure is a core factor of the subdued economic performance of South Africa. It is estimated that load shedding costs South Africa between ZAR204 million and ZAR899 million per day [7]. But the impacts reach beyond economic impacts and can result in an increase in crime, social tensions and even unrest. In order to arrest the situation, the President established the National Energy Crisis Committee in the second half of 2022 and has appointed a Minister in the Presidency for Electricity at the beginning of March 2023[1][8]. The impact of the appointment, while signifying the importance attached to addressing the situation, needs to be seen.

[1] Government Notices No 2673, 21 October 2022, National Infrastructure Plan 2050 Phase 2 for Public Comments.

[2] https://www.sainvestmentconference.co.za/

[3] https://infrastructuresa.org/wp-content/uploads/2023/09/ISA-WORK-PROGRAMME.pdf

[4] The Namibian, 28 Aug. 2023, SA confident about recovery of power stations, page 14.

[5] FA News, 18 September 2023, Water infrastructure crisis in South Africa: Unearthing investment opportunities

[6] Hlatshwayo, Mondli and Bam, June, 25 July 2023, SA’s ICT infrastructure holding us back from 4IR advancement in education.

[7] Intelligence Fusion, 4 April 2023, What is the impact of load shedding in South Africa?

[8] https://www.esi-africa.com/industry-sectors/generation/south-african-minister-of-electricity-appointed-amidst-energy-crisis/

In August 2021, the Department of Public Works and Infrastructure (DPWI) gazetted the draft National Infrastructure Plan 2050 (NIP 2050) for public comment. The NIP 2050 was prepared by Infrastructure South Africa (ISA) over a period of six months working closely with sector specialists and other stakeholders. Infrastructure development is critical to attaining South Africa’s long-term economic and social goals. The NIP 2050 will ensure that the foundations for achieving the National Development Plan (NDP) vision for inclusive growth are supported. The NIP 2050 offers a strategic vision and plan that links top NDP objectives to actionable steps and intermediate outcomes.Currently the infrastructure core sector strategy is the 2012 National Infrastructure Plan covering the period 2013-2023. The plan aims to build and maintain infrastructure to transform the economic landscape, create jobs, and improving the delivery of basic services. The plan identifies 18 Strategic Integrated Projects (SIPs) covering all the key sectors of the economy that help support economic development and address service. The Presidential

Infrastructure Coordination Committee, which is mandated with ensuring systematic selection, planning and monitoring of large projects, coordinates the Implementation of the SIPs. The plan also supports the integration of African economies. South Africa currently spends about 5.8% of its gross domestic product (GDP) on infrastructure, while the National Development Plan: Vision 2030 targets a 10% GDP spend on infrastructure. According to the Global Infrastructure Outlook 2018 report, in order to achieve the SDGs by 2030, South Africa needs to commit approximately $23 billion in additional funding to the water and power sectors. Indeed, to meet the infrastructure needs by 2040 the country would need to spend an average of 4.35% of its GDP per year.The Sustainable Infrastructure Development System (SIDS), which was launched on June 24, 2020 guide the country's infrastructure development agenda. The SIDS methodology relates to the identification, consideration, evaluation, approval and implementation of workable infrastructure in order to ensure bankability. The SIDS methodology places an emphasis on skills development, training and education, especially for historically disadvantaged persons and communities, women, youth and persons with disabilities. The SIDS methodology also ensures that projects are evaluated within their sectors and are assessed in accordance with the regional and district delivery model, taking into account the needs and the socioeconomic environment or inter-sectoral viability. The comprehensive SIDS methodology has been applied to an initial list of 177 infrastructure projects, with 55 compliant with the methodology.On August 17, 2020, the Department of Public Works and Infrastructure (DPWI), put into operation the Infrastructure Investment Fund. The Development Bank of Southern Africa signed in August 2020, a memorandum of understanding to establish and manage the infrastructure fund. On Oct. 15, 2020, The South African President presented before the parliament the economic reconstruction and recovery plan. The plan aimed at helping the economy recover from the pits of Covid-19 lockdown. A document of 34 pages with the title “Building a New Economy - Highlights of the Reconstruction and Recovery Plan” was also released. The South Africa's economic recovery plan have 5 objectives and the first one is the creation of jobs through infrastructure development. The Infrastructure Fund complement the plan's focus on capital investments. Government has committed R100 billion over 10 years of which R18 billion is over the medium term, which is designed to crowd in private-sector finance and expertise to support infrastructure delivery.To improve infrastructure planning and fast-track a project pipeline, an Investment and Infrastructure Office has been created in the Presidency. The head of the presidency's Investment and Infrastructure Office will work with Infrastructure Fund managers, commercial banks and development institutions to overhaul traditional project-finance structures. Projects will be funded through debt markets, blended financing and, as a last resort, the public purse.South Africa plans to tap global appetite for green bonds to help fund an infrastructure program worth as much as 2.3 trillion rand ($135 billion) over the next decade. The public works ministry and the infrastructure investment office in the presidency have started talks with investors and theJSE Ltd., which operates South Africa's main stock and bond exchange, and plans to launch its green-bond program before March 2021. Eligible projects could range from renewable energy to green public transport and water management.In July 2020, South Africa's presidency has designated the country's priority infrastructure projects, paving the way for the beginning of private investment in a R2.3 trillion ($138 billion) program over the next decade. The Presidential Infrastructure Coordinating Commission Council issued a list of projects ranging from key water supply and irrigation developments to energy, roads, housing and fish-farming plans. While to date most infrastructure has been funded by the state, the country is now saddled with debt and the coronavirus outbreak has limited the amount of money available for investment. The government is now seeking funds from development finance institutions, multilateral institutions and private pension funds. In total 276 projects have been earmarked for potential investment.From 17 to 18 Nov. 2020, the Government hosted the Third SA Investment Conference in an effort to attract much-needed investment. The conference is part of the campaign to raise R1.2-trillion ($78 billion) in new domestic and international investments over the next five years. After five cycles the amount of investment pledges stood at ZAR1.5 trillion in 2023 from a total of 317 projects of which 161 are either finalized or under construction[1].While the first NIP 2050 focuses on foundational network infrastructure in energy, freight transport, water and digital communications the second NIP 2050 focuses on distributed infrastructure housing & human settlements, roads, municipal infrastructure, social infrastructure (schools & clinics), passenger transport. It was approved in March 2023[2]. While South Africa's infrastructure including transport and energy infrastructure was rated highly in previous years, this has turned around. South Africa has suffered from energy shortages since 2020 due to a variety of reasons including corruption, theft, sabotage, but also lack of maintenance as well as cost overruns and delays of new projects. During the winter 2023 electricity availability stood at just 48%, which was expected to improve to 60% after the end of the winter. The demand dropped from 33,000 MW during winter to 28,000 MW and instead of load shedding stage 8, loadshedding was scaled back to stage 6[3]. Similarly, Transnet that is responsible for operating the railway and seaports could no longer provide the services which resulted in supply interruptions. Both the crippling energy and transport infrastructure affected economic activities in particular of the informal sector and micro-, small- and medium-sized enterprises that could not afford alternative arrangements for electricity. Farmers and the agricultural sector were also hard hit because of the unreliability of cold-storage facilities. The mining sector lost out on high global coal prices that they could not fully exploit due to loadshedding and lack of bulk transport opportunities. Furthermore, the continuous load-shedding affected the reliability of water supply in the country. The deteriorating infrastructure is a core factor of the subdued economic performance of South Africa. In order to arrest the situation, the President established the National Energy Crisis Committee in the second half of 2022 and has appointed a Minister in the Presidency for Electricity at the beginning of March 2023[4]. The impact of the appointment, while signifying the importance attached to addressing the situation, needs to be seen.[1] President Cyril Ramaphosa: Opening of South Africa Investment Conference, 2020: https://www.gov.za/speeches/president-cyril-ramaphosa-third-south-africa-investment-conference-18-nov-2020-0000[2]https://tradingeconomics.com/south-africa/competitiveness-rank[3] https://tradingeconomics.com/south-africa/electricity-production[1] https://www.sainvestmentconference.co.za/[2] https://infrastructuresa.org/wp-content/uploads/2023/09/ISA-WORK-PROGRAMME.pdf[3] The Namibian, 28 Aug. 2023, SA confident about recovery of power stations, page 14.[4] https://www.esi-africa.com/industry-sectors/generation/south-african-minister-of-electricity-appointed-amidst-energy-crisis/

17.b. Legal and regulatory frameworks for infrastructure

Type de score	Valeur
Score de brouillon	5.0
Score révisé	5.0
Score de deuxième brouillon	5.0
Score final	5.0

Notes du pays:

The country has a sound legal and regulatory framework for infrastructure development. The Infrastructure Development Act of 2014 is the key legal instrument governing infrastructure development in the country. The main objectives of the Act are: to provide for the facilitation and co-ordination of public infrastructure development which is of significant economic or social importance to the economy; to ensure that infrastructure development in the country is given priority in planning, approval and implementation; to ensure that the development goals of the state are promoted through infrastructure development; to improve the management of such infrastructure during all life-cycle phases, including planning, approval, implementation and operations.

There are also sector specific regulatory instruments that govern infrastructure development in the country. For state-owned enterprises, the independent regulatory institutions are established to regulate each of the key utilities operating in various sectors of the economy. The energy sector is regulated by the National Energy Regulator of South Africa (NERSA). NERSA's mandate is to regulate the Electricity, Piped-Gas and Petroleum Pipeline industries in terms of the Electricity Regulation Act, 2006; Gas Act, 2001 and Petroleum Pipelines Act, 2003.

The Department of Transport regulates the transport and logistics sector in South Africa, that is, public transport, rail transportation, civil aviation, shipping, freight and motor vehicles. The Ports Regulator established in terms of the National Ports Act, 12 of 2005, a key component of the ports regulatory architecture envisaged in the National Commercial Ports Policy, is responsible for the economic regulation of the ports system in South Africa. The Merchant Shipping (Maritime Security) Regulations, 2004 guides the regulation to safeguard against unlawful interference with maritime transport. Other regulators in the transport sector include Rail Safety Regulator, regulators of air transport, roads and public transport.

The communications sector is regulated by the Independent Communications Authority of South Africa (ICASA). ICASA is responsible for licensing network operators and service providers, managing the radio frequency spectrum, making policy recommendations to the Minister of Communications and Postal Services and monitoring compliance by providers of communications services with the applicable regulatory requirements.

South Africa is also committed to infrastructure development through PPPs. South Africa has a well-developed PPP regulatory framework, which created the necessary enabling environment for the private sector to participate in infrastructure investments. The PPP practice Note of 2004 (South African Regulations for PPP) ensures consistency of the PPP law with the PFMA act. This legal framework has so far enabled the implementation of 114 PPP projects that are either under construction or in operation. This has required the mobilization of an investment of US$27,349 million. The National Treasury commenced with a thorough review of the regulatory PPP framework in 2022 for the three spheres of Government. The review will continue in 2024 and is expected to enhance application and practice and hence increase confidence and investment in PPPs. This review resulted in the new Public Procurement bill that was presented to the National Assembly on 22 May 2023. In addition, a new, overarching PPP Policy will be formulated. Furthermore, as part of the institutional strengthening, it is envisaged to transform the PPP unit and Infrastructure Fund into a centre of excellence with positive implications for the time of financial closure. Finally, a new regulatory PPP unit will be established within the National Treasury [1]. This review process and the resultant initiatives indicate the existing room for improvement in the legal and regulatory framework for infrastructure. Not least, infrastructure investment in the past was negatively affected by the state capture.

To date, 34 PPP projects worth R89.3 billion have been completed. New PPP transactions have declined from around R10.7 billion in 2011/12 to R5.6 billion in 2019/2020, partly because these projects are perceived to be high cost. At the end of November 2022, 22 PPPs were in the pipeline with nine of them at various stages of procurement[1][2].

In terms of the Infrastructure Development Act of 2014, the Presidential Infrastructure Coordinating Commission (PICC) acts through its council. The council coordinates the development, maintenance, implementation and monitoring of the National Infrastructure Plan; coordinates the determination of priorities for infrastructure development; designates strategic integrated projects (SIPS) and ensures that infrastructure development, in respect of any SIP, is given priority in planning, approval and implementation. The council also coordinates the identification of strategic partners with which to conclude agreements that seek to promote the objects of infrastructure development. The council must ensure that infrastructure projects promote economic equality, social cohesion, decent employment opportunities and skills development. In keeping with this mandate, the council agreed to expedite the implementation of projects in prioritised sectors such as human settlements, transport, energy, water and sanitation, agriculture and agro-processing, and digital infrastructure.

Public Works and Infrastructure Ministry created a single-entry point for all the projects in the country's Infrastructure Investment Plan, through an entity called Infrastructure South Africa (ISA). ISA is at arm’s length from the Department of Public Works and Infrastructure (DPWI), and is responsible for project preparation, packaging, funding pathways and providing strategic oversight over all the gazetted projects.

On 25 Sept 2020, the Department of Energy gazetted a new determination for the Energy Regulation Act, allowing to source over 11,800 megawatts of power from Independent Power Producers (IPPs). The new energy generation will be procured from diverse sources, including solar & wind (6,800 MW), gas (3,000 MW), coal (1,500 MW) and storage (513 MW). A request for Proposals for the development of 1,600 MW of onshore wind energy and 1,000 MW of solar voltaic projects was launched in September 2022[1][3]. The licensing requirements for electricity generation projects were eased resulting in over 100 projects with a generation capacity of more than 9.000 MW capacity are in the pipeline[1][4], The Minister of Finance announced in his 2023/24 budget statement that investors involved with renewable energy projects can write-off 125% of the investment. The aim is to accelerate investment into the energy generation to narrow the supply gap.

[1] National Treasury, Budget 2023 – Budget Review.

[1][2] https://pmg.org.za/committee-meeting/36183/

[1][3] https://www.ipp-renewables.co.za/

[1][4] National Treasury, Budget 2023 – Budget Review.

In August 2021, the Department of Public Works and Infrastructure (DPWI) gazetted the draft National Infrastructure Plan 2050 (NIP 2050) for public comment. The NIP 2050 was prepared by Infrastructure South Africa (ISA) over a period of six months working closely with sector specialists and other stakeholders. Infrastructure development is critical to attaining South Africa’s long-term economic and social goals. The NIP 2050 will ensure that the foundations for achieving the National Development Plan (NDP) vision for inclusive growth are supported. The NIP 2050 offers a strategic vision and plan that links top NDP objectives to actionable steps and intermediate outcomes. The NIP 2050 was developed in two phases. Phase 1 focused on bulk infrastructure such as energy, water, freight transport and telecommunications and was approved by Cabinet in March 2022. Phase 2 focuses on ‘distributed infrastructure’ in six areas including human settlement, municipal water, electricity and sanitation, etc. The draft Phase 2 plan was released for public inputs in October 2022 and comments had to be provided by December 2022 [1]. It was expected that the Phase 2 would be presented to Cabinet by March 2023. The NIP 2050 envisages to achieve the NDP objective of inclusive growth and an investment-to-GDP ratio of 30 percent of which one third should be contributed by the state. According to the Global Infrastructure Outlook 2018 report, in order to achieve the SDGs by 2030, South Africa needs to commit approximately USD23 billion in additional funding to the water and power sectors. Indeed, to meet the infrastructure needs by 2040 the country would need to spend an average of 4.35% of its GDP per year.The Sustainable Infrastructure Development System (SIDS), which was launched on June 24, 2020 guides the country’s infrastructure development agenda. The comprehensive SIDS methodology has been applied to an initial list of 177 infrastructure projects, with 55 compliant with the methodology that are worth some ZAR300 billion.On August 17, 2020, the Department of Public Works and Infrastructure (DPWI), put into operation the Infrastructure Investment Fund. It is managed by Infrastructure South Africa and operationalized by the Development Bank of Southern Africa. The Infrastructure Fund complements the plan’s focus on capital investments. To improve infrastructure planning and fast-track a project pipeline, an Investment and Infrastructure Office has been created in the Presidency. The head of the presidency’s Investment and Infrastructure Office will work with Infrastructure Fund managers, commercial banks and development institutions to overhaul traditional project-finance structures. Projects will be funded through debt markets, blended financing and, as a last resort, the public purse.South Africa plans to tap global appetite for green bonds to help fund an infrastructure program worth as much as ZAR 2.3 trillion ($135 billion) over the next decade. The public works ministry and the infrastructure investment office in the presidency have started talks with investors and the JSE Ltd., which operates South Africa’s main stock and bond exchange, and plans to launch its green-bond program before March 2021. Eligible projects could range from renewable energy to green public transport and water management. The Treasury developed then between 2020 and 2022 the Green Financing Taxonomy in close cooperation with other stakeholders.In July 2020, South Africa’s presidency designated the country’s priority infrastructure projects, paving the way for the beginning of private investment in a ZAR2.3 trillion ($138 billion) program over the next decade. The Presidential Infrastructure Coordinating Commission Council issued a list of projects ranging from key water supply and irrigation developments to energy, roads, housing and fish-farming plans. While to date most infrastructure has been funded by the state, the country is now saddled with debt. The government is now seeking funds from development finance institutions, multilateral institutions and private pension funds. In total 276 projects have been earmarked for potential investment.From 17 to 18 Nov. 2020, the Government hosted the Third SA Investment Conference in an effort to attract much-needed investment. The conference was part of the campaign to raise ZAR1.2-trillion ($78 billion) in new domestic and international investments over the next five years. After five cycles the amount of investment pledges stood at ZAR1.5 trillion in 2023 from a total of 317 projects of which 161 are either finalized or under construction[1][2].While the first NIP 2050 focuses on foundational network infrastructure in energy, freight transport, water and digital communications the second NIP 2050 focuses on distributed infrastructure housing & human settlements, roads, municipal infrastructure, social infrastructure (schools & clinics), passenger transport. It was approved in March 2023[1][3].Despite policies, programmes and strategies in place, the actual state of South Africa's infrastructure is less than optimal. While South Africa's infrastructure including transport and energy infrastructure was rated highly in previous years, this has turned around. South Africa has suffered from energy shortages since 2020 due to a variety of reasons including corruption, theft, sabotage, but also lack of maintenance as well as cost overruns and delays of new projects. During the winter 2023 electricity availability stood at just 48%, which was expected to improve to 60% after the end of the winter. The demand dropped from 33,000 MW during winter to 28,000 MW and instead of load shedding stage 8, loadshedding was scaled back to stage 6 [4]. Similarly, Transnet that is responsible for operating the railway and seaports could no longer provide reliable railway services due to a lack of spare parts and of security. This disrupted transportation links and affected in particular coal mining companies through either higher costs incurred from road transportation or even losing out on lucrative coal exports that could not reach the seaports.Both the crippling energy and transport infrastructure affected economic activities in particular of the informal sector and micro-, small- and medium-sized enterprises that could not afford alternative arrangements for electricity. Farmers and the agricultural sector were also hard hit because of the unreliability of cold-storage facilities. The mining sector lost out on high global coal prices that they could not fully exploit due to loadshedding and lack of bulk transport opportunities. Furthermore, the continuous load-shedding affected the reliability of water supply in the country. This exacerbated the water crisis that is caused by underinvestment in water infrastructure, inefficient water management and a scarcity of water besides a growing population and the impacts of climate change [5]. The Covid-19 pandemic also highlighted the inadequate ICT infrastructure that prevented the education sector from moving to online learning. The inadequate and unequal ICT infrastructure affects the potential uptake of opportunities related to the Fourth Industrial Revolution [6]. The deteriorating infrastructure is a core factor of the subdued economic performance of South Africa. It is estimated that load shedding costs South Africa between ZAR204 million and ZAR899 million per day [7]. But the impacts reach beyond economic impacts and can result in an increase in crime, social tensions and even unrest. In order to arrest the situation, the President established the National Energy Crisis Committee in the second half of 2022 and has appointed a Minister in the Presidency for Electricity at the beginning of March 2023[1][8]. The impact of the appointment, while signifying the importance attached to addressing the situation, needs to be seen.[1] Government Notices No 2673, 21 October 2022, National Infrastructure Plan 2050 Phase 2 for Public Comments.[2] https://www.sainvestmentconference.co.za/[3] https://infrastructuresa.org/wp-content/uploads/2023/09/ISA-WORK-PROGRAMME.pdf[4] The Namibian, 28 Aug. 2023, SA confident about recovery of power stations, page 14.[5] FA News, 18 September 2023, Water infrastructure crisis in South Africa: Unearthing investment opportunities[6] Hlatshwayo, Mondli and Bam, June, 25 July 2023, SA's ICT infrastructure holding us back from 4IR advancement in education.[7] Intelligence Fusion, 4 April 2023, What is the impact of load shedding in South Africa? [8] https://www.esi-africa.com/industry-sectors/generation/south-african-minister-of-electricity-appointed-amidst-energy-crisis/ The country has a sound legal and regulatory framework for infrastructure development. The Infrastructure Development Act of 2014 is the key legal instrument governing infrastructure development in the country. The main objectives of the Act are: to provide for the facilitation and co-ordination of public infrastructure development which is of significant economic or social importance to the economy; to ensure that infrastructure development in the country is given priority in planning, approval and implementation; to ensure that the development goals of the state are promoted through infrastructure development; to improve the management of such infrastructure during all life-cycle phases, including planning, approval, implementation and operations.There are also sector specific regulatory instruments that govern infrastructure development in the country. For state-owned enterprises, the independent regulatory institutions are established to regulate each of the key utilities operating in various sectors of the economy. The energy sector is regulated by the National Energy Regulator of South Africa (NERSA). NERSA's mandate is to regulate the Electricity, Piped-Gas and Petroleum Pipeline industries in terms of the

Electricity Regulation Act, 2006; Gas Act, 2001 and Petroleum Pipelines Act, 2003.The Department of Transport regulates the transport and logistics sector in South Africa, that is, public transport, rail transportation, civil aviation, shipping, freight and motor vehicles. The Ports Regulator established in terms of the National Ports Act, 12 of 2005, a key component of the ports regulatory architecture envisaged in the National Commercial Ports Policy, is responsible for the economic regulation of the ports system in South Africa. The Merchant Shipping (Maritime Security) Regulations, 2004 guides the regulation to safeguard against unlawful interference with maritime transport. Other regulators in the transport sector include Rail Safety Regulator, regulators of air transport, roads and public transport. The communications sector is regulated by the Independent Communications Authority of South Africa (ICASA). ICASA is responsible for licensing network operators and service providers, managing the radio frequency spectrum, making policy recommendations to the Minister of Communications and Postal Services and monitoring compliance by providers of communications services with the applicable regulatory requirements.South Africa is also committed to infrastructure development through PPPs. South Africa has a well-developed PPP regulatory framework, which created the necessary enabling environment for the private sector to participate in infrastructure investments. The PPP practice Note of 2004 (South African Regulations for PPP) ensures consistency of the PPP law with the PFMA act. This legal framework has so far enabled the implementation of 114 PPP projects that are either under construction or in operation. This has required the mobilization of an investment of US$27,349 million..To date, 34 PPP projects worth R89.3 billion have been completed. New PPP transactions have declined from around R10.7 billion in 2011/12 to R5.6 billion in 2019/2020, partly because these projects are perceived to be high cost. At the end of November 2022, 22 PPPs were in the pipeline with nine of them at various stages of procurement[1].In terms of the Infrastructure Development Act of 2014, the Presidential Infrastructure Coordinating Commission (PICC) acts through its council. The council coordinates the development, maintenance, implementation and monitoring of the National Infrastructure Plan; coordinates the determination of priorities for infrastructure development; designates strategic integrated projects (SIPS) and ensures that infrastructure development, in respect of any SIP, is given priority in planning, approval and implementation. The council also coordinates the identification of strategic partners with which to conclude agreements that seek to promote the objects of infrastructure development. The council must ensure that infrastructure projects promote economic equality, social cohesion, decent employment opportunities and skills development. In keeping with this mandate, the council agreed to expedite the implementation of projects in prioritised sectors such as human settlements, transport, energy, water and sanitation, agriculture and agro-processing, and digital infrastructure.Public Works and Infrastructure Ministry created a single-entry point for all the projects in the country's Infrastructure Investment Plan, through an entity called Infrastructure South Africa (ISA). ISA is at arm’s length from the Department of Public Works and Infrastructure (DPWI), and is responsible for project preparation, packaging, funding pathways and providing strategic oversight over all the gazetted projects.On 25 Sept 2020, the Department of Energy gazetted a new determination for the Energy Regulation Act, allowing to source over 11,800 megawatts of power from Independent Power Producers (IPPs). The new energy generation will be procured from diverse sources, including solar & wind (6,800 MW), gas (3,000 MW), coal (1,500 MW) and storage (513 MW). A request for Proposals for the development of 1,600 MW of onshore wind energy and 1,000 MW of solar voltaic projects was launched in September 2022[2]. The licensing requirements for electricity generation projects were eased resulting in over 100 projects with a generation capacity of more than 9.000 MW capacity are in the pipeline[3], The Minister of Finance announced in his 2023/24 budget statement that investors involved with renewable energy projects can write-off 125% of the investment. The aim is to accelerate investment into the energy generation to narrow the supply gap.[1] https://pmg.org.za/committee-meeting/36183/[2] https://www.ipp-renewables.co.za/[3] National Treasury, Budget 2023 – Budget Review.

17.c. Public resource management and accountability in the infrastructure sector

Type de score	Valeur
Score de brouillon	4.5
Score révisé	4.5
Score de deuxième brouillon	4.5
Score final	4.5

Notes du pays:

Infrastructure programs are implemented by all spheres of government: national government, the provisional government and municipalities, as well as State Owned Enterprises. The utilization of the infrastructure budget allocated to each sphere of government and SOEs is governed by the Public Finance Management Act (PFMA); and the Municipal Finance Management Act (MFMA) in the case of local government. The rolling, three-year Medium Term Expenditure Framework (MTEF), guides resource allocations to the various layers of government and SOEs that implement infrastructure investments. The expenditure on infrastructure and other public services by all layers of government are audited by the Auditor General on annual basis. Infrastructure investment is financed by either through fiscal allocations or debt/equity financing. Development partners also provide support to infrastructure investment notably the AfDB, World Bank, European Investment Bank, China Construction Bank, and the other multilateral agencies provide loans for investment in key infrastructure sectors including energy, transport and water.

The South African government is committed to financing project preparation. Budgetary allocations for this process have been made to the Development Bank of Southern Africa, the Government Technical Advisory Centre and the Presidential Infrastructure Coordinating Commission’s Technical Project Management Unit. In addition to bolstering project preparation, the government introduced an innovative project financing instruments such as green infrastructure bonds, project bonds and performance bonds. The 2020 establishment of Infrastructure South Africa (ISA) will also go a long way towards streamlining the preparation and implementation process. It is a step towards creating an enabling environment for a one-stop shop where projects can be unlocked. Through Infrastructure SA, the Country is investing in building state capacity in the areas of project technical and financial engineering skills. ISA released the National Infrastructure Plan 2050 aiming at linking key National Development Objectives to actionable steps and intermediate outcomes. It therefore expects to create a foundation for achieving the NDP’s vision of inclusive growth[1][1]. The NDP targets a 30% investment-to-GDP ratio of which one third is expected to be contributed by the State mainly through State-owned Enterprises, regional and local authorities.

According to the national treasury, to achieve this target, public sector investment will need to increase from 3.8% of GDP in 2021 to 10% by 2030, while private sector investment in infrastructure will need to increase from 9.3% of GDP in 2021 to 20% by 2030 (Budget Review 2023). The figures for 2021 marked a significant decline compared to 2019 when public sector investment stood at 5.4% and private sector investment at 12.5% (Budget Review 2021) and moved further away from the target ratios.

The economic downturn and reduced levels of government infrastructure investment have taken a heavy economic toll on capital spending by the public sector. Public-sector spending on infrastructure (referred to as capital expenditure) decreased for a third consecutive year, falling from ZAR250billion in 2018/19 to ZAR231billion in 2019/20 and ZAR183 billion the estimation for 2020/21 according to Stats SA's latest Capital expenditure by the public sector report. This trend is being reversed in the 2023/24 to 2025/26 MTEF that allocated some ZAR900 billion to infrastructure investment with the largest share of ZAR302 billion provided by State-owned Enterprises followed by provinces with ZAR210 billion. Transport infrastructure will be the main beneficiary with ZAR 351 billion, followed by energy (ZAR 158 billion) and water and sanitation (ZAR 133 billion). However, Government acknowledges that public resources alone cannot address the infrastructure gaps. Hence, efforts will be made to improve the investment climate and attract private sector investment (Budget 2023 - Budget Review).

The government has committed ZAR100 billion over the next 10 years (of which ZAR18 billion is over the medium term) to the Infrastructure Fund, which is designed to crowd in private-sector finance and expertise to support infrastructure delivery. The Infrastructure Fund has since its inception assisted with the “13 blended finance projects and programmes to the value of R48.8 billion” [2].

Infrastructure South Africa has 328 projects in the Technical Working Groups pipeline with 106 in the energy sector, 69 for human settlements and 41 in the transport sector. 60 projects are located in the Kwazulu/Natal region followed by Gauteng with 51 and Western Cape with 35. 56 of these projects are registered with the International Integrated Reporting Council[1][3].

However, the National Treasury has acknowledged that infrastructure delivery was inefficient, and Government received ‘poor value for money’. The National Treasury continues to admit that this is “illustrating weaknesses in planning, procurement, construction and operational management of projects”. It is therefore embarking on a number of reforms, such as improving the operations of the Infrastructure Fund, and of infrastructure monitoring and reporting, enhancing the PPP framework and building a strong project pipeline [3]. Furthermore, the National Treasury is expanded the scope of the infrastructure reporting model to include the National Government to increase transparency and uniformity on infrastructure budget analysis. This started with effect of 1 April 2023.

[1][1] Government Notices, 11 March 2022, National Infrastructure Plan 2050 (NIP 2050)

[2]] National Treasury, Budget 2023 – Budget Review.

[1][3] https://infrastructuresa.org/wp-content/uploads/2023/09/ISA-WORK-PROGRAMME.pdf

[4] National Treasury, Budget 2023 – Budget Review.

Infrastructure programs are implemented by all spheres of government: national government, the provisional government and municipalities, as well as State Owned Enterprises. The utilization of the infrastructure budget allocated to each sphere of government and SOEs is governed by the Public Finance Management Act (PFMA); and the Municipal Finance Management Act (MFMA) in the case of local government. The rolling, three-year Medium Term Expenditure Framework (MTEF), guides resource allocations to the various layers of government and SOEs that implement infrastructure investments. The expenditure on infrastructure and other public services by all layers of government are audited by the Auditor General on annual basis. Infrastructure investment is financed by either through fiscal allocations or debt/equity financing. Development partners also provide support to infrastructure investment notably the AfDB, World Bank, European Investment Bank, China Construction Bank, and the other multilateral agencies provide loans for investment in key infrastructure sectors including energy, transport and water. The South African government is committed to financing project preparation. Budgetary allocations for this process have been made to the Development Bank of Southern Africa, the Government Technical Advisory Centre and the Presidential Infrastructure Coordinating Commission’s Technical Project Management Unit. In addition to bolstering project preparation, the government introduced an innovative project financing instruments such as green infrastructure bonds, project bonds and performance bonds. The 2020 establishment of Infrastructure South Africa (ISA) will also go a long way towards streamlining the preparation and implementation process. It is a step towards creating an enabling environment for a one-stop shop where projects can be unlocked. Through Infrastructure SA, the Country is investing in building state capacity in the areas of project technical and financial engineering skills. ISA released the National Infrastructure Plan 2050 aiming at linking key National Development Objectives to actionable steps and intermediate outcomes. It therefore expects to create a foundation for achieving the NDP’s vision of inclusive growth[1]. The NDP targets a 30% investment-to-GDP ratio of which one third is expected to be contributed by the State mainly through State-owned Enterprises, regional and local authorities.According to the national treasury, to achieve this target, public sector investment will need to increase from 5.4% of GDP in 2019 to 10% by 2030, while private sector investment in infrastructure will need to increase from 12.5% of GDP in 2019 to 20% by 2030 (Budget Review 2021).The economic downturn and reduced levels of government infrastructure investment have taken a heavy economic toll on capital spending by the public sector. Public-sector spending on infrastructure (referred to as capital expenditure) decreased for a third consecutive year, falling from ZAR250billion in 2018/19 to ZA R231billion in 2019/20 and ZAR183 billion the estimation for 2020/21 according to Stats SA’s latestCapital expenditure by the public sectorreport. This sharp drop in public infrastructure investment, is mostly driven by declines in spending by state-owned companies. Eskom (Energy) was the major contributor to the overall decline in 2019, cutting its own spending on infrastructure by ZAR15.0 billion. The fall was due to budget cuts, as well as the utility finalising a number of its larger projects. With regards to electricity, ZA R230 billion has been allocated to restructuring the energy sector over 2020-2022. This will include accelerating the implementation of the renewable energy programme as well as enabling municipalities, in good financial standing, to procure electricity from independent power producers. Ultimately, the goal is to secure a reliable energy supply and thereby satisfy one of the key requirements for supporting growth.The government has committed ZAR100 billion to the fund over the next 10 years (of which R18 billion is over the medium term) to the Infrastructure Fund, which is designed to crowd in private-sector finance and expertise to support infrastructure delivery. The inaugural Sustainable Infrastructure Development Symposium – or SIDS – that took place in June 2020 was a huge boost for South Africa infrastructure build plans. Government has initiated a process to review Regulation 28 to make it easier for retirement funds to increase investment in infrastructure.In August 2020, the National Treasury, the DPWI and the DBSA signed an agreement committing to work together to support the establishment of the fund as a dedicated financing facility for blended finance programmes and projects through a ring-fenced division within the DBSA. As reported in the 2019 Budget Review, the DBSA was allocated R400 million to build capacity and strengthen the preparation and planning of major infrastructure projects. To date, the fund has begun work on three programmes: the Student Housing Infrastructure Programme, South Africa Connect and the Water Infrastructure Programme (Budget Review 2021).Infrastructure South Africa has 328 projects in the Technical Working Groups pipeline with 106 in the energy sector, 69 for human settlements and 41 in the transport sector. 60 projects are located in the Kwazulu/Natal region followed by Gauteng with 51 and Western Cape with 35. 56 of these projects are registered with the International Integrated Reporting Council[2]. [1] Government Notices, 11 March 2022, National Infrastructure Plan 2050 (NIP 2050)[2] https://infrastructuresa.org/wp-content/uploads/2023/09/ISA-WORK-PROGRAMME.pdf

18. Regional Integration

Score du critère: 4.5

18.a. Movement of persons and labor and right of establishment

Type de score	Valeur
Score de brouillon	4.5
Score révisé	4.5
Score de deuxième brouillon	4.5
Score final	4.5

Notes du pays:

The African Union (AU) is an organization of 55 African countries, including South Africa, which joined in 1994. One of AU's main goals is to promote the free movement of people across the continent. The AU believes that migration is a key factor for economic growth and integration. It has a protocol on free movement that grants African citizens the right to work and live in any AU country without discrimination. The protocol also encourages member states to recognize the skills and qualifications of other African citizens, support the transfer of money and social security benefits, and protect the rights of African migrants. However, South Africa has not signed or ratified the AU's free movement protocol. Some richer African countries, like South Africa, are hesitant to implement the protocol, fearing the consequences of a large influx of foreigners in a context of high unemployment. South Africa has also witnessed several xenophobic attacks against foreigners who are blamed for taking jobs from locals. As a popular destination country, South Africa's stance on the free movement of people is very important.

The SADC treaty aims to foster policies that enable people to move freely in the region. A draft protocol on the free movement of people within SADC was introduced in 1996, but was replaced by a more limited protocol on the facilitation of movement of people in 1997. This limitation was due to income differences that cause uneven migration flows among member states. The 1997 protocol was revised and adopted in 2005, which allows visa-free travel for legitimate purposes to citizens of other member states for up to 90 days. However, the protocol is not in force because not enough member states have ratified it. South Africa is one of only four states to have ratified the draft SADC protocol on the facilitation of movement of people. Although the protocol is not in force, it allows for the possibility of member states entering into bilateral visa-free agreements. Most member states have waived visa requirements with each other. In line with the provisions, South Africa has granted visa exemptions for residents of the 15 SADC member states for up to 90 days per year. Unlike the West and East African regional economic communities (RECs)' protocols, the SADC protocol on the movement of people does not include rules on residence and settlement rights. This is left to the discretion of each member state.

The government has made immigration reform and visa regime changes a priority to attract skilled professionals and boost tourism. The list of visa-free countries has been expanded. Young tourists no longer need unabridged birth certificates. The country is testing a new e-visa portal that will allow applicants to get visas online without having to travel to South African missions abroad. The department has also established visa services in the offices of various investment facilitation agencies in the country. South Africa has granted visa-free status to 83 countries, which are among the top tourist sending nations in the world. The Henley Passport Index, released on July 824, 2023, ranks the South African passport 52nd in the world, up three places from 2022.

President Ramaphosa announced in his State of the Nation Address in February 2023 that the Government has completed a comprehensive review of the work visa system and will implement the recommendations that emerged from it. The Government aims to attract skills that are needed for economic growth and competitiveness by adopting a more flexible points-based system for skilled immigration, a trusted employer scheme for large investors, and simplified application requirements. The Government will also launch a remote worker visa and a special dispensation for high-growth start-ups.

Subsequently, the Department of Home Affairs (DHA) made some changes in April 2023 to ease the application process for immigrants. They no longer ask for a radiological report and they made it easier to get police clearance certificates. These changes reduce the administrative burdens on applicants. The DHA will review and update the critical skills list every two years. This way, the list stays up to date and matches the changing needs of the South African economy.The regular updates aim to attract skilled immigrants who can contribute to the country’s growth. The current critical skills list was in the Government Gazette No. 47182 of August 2, 2022.

The DHAs recognizes the importance of having more resources. Therefore, it intends to hire more staff for immigration services. The department has faced a shortage of workers, especially in the immigration division. Moreover, it aims to enhance the IT infrastructure to boost service quality and productivity. South Africa is a destination for many migrants who seek economic opportunities, political stability and, increasingly, environmental security. The country's industrial and mining sectors attract both skilled and unskilled migrant workers. However, many migrants face legal barriers to employment and integration, as the Immigration Act 13 of 2002 requires them to have a valid work permit, residence permit or citizenship. Many migrants do not meet these criteria and are considered irregular or undocumented. SADC has not yet implemented free movement of people within its member states, although it has been discussed since the early 1990s. Some member states are reluctant to open their borders due to economic and political challenges in the region. South Africa has signed bilateral agreements on trade and labour migration with five SADC states, and is in the process of negotiating similar agreements with four others. The SADC migrant integration process is complex and has led to reforms such as the special dispensation permit (SDP) that allows migrants from South Africa, Zimbabwe, and Mozambique to work in one of these countries. South Africa has also been working on the process of establishing bilateral preferential trade and labour migration agreements with Angola, Botswana, Lesotho and Eswatini.

South Africa is a popular destination for migrants who seek education and better opportunities, with about 4.2 million of them living in the country, according to the Migration data portal. However, this has also led to workplace conflicts and violence between South African nationals and migrants. Many migrants have been displaced by attacks in recent years. To address this problem, the Republic of South Africa adopted South Africa's National Action Plan (NAP) to Combat Racism, Racial Discrimination, Xenophobia and Related Intolerance in March 2019. The NAP outlines several measures to prevent xenophobia, such as ensuring that foreigners have access to the services they are entitled to, promoting their integration, and managing migrants, refugees, and asylum seekers in a humane and dignified manner.

18.b. Regional financial integration

Type de score	Valeur
Score de brouillon	4.5
Score révisé	4.5
Score de deuxième brouillon	4.5
Score final	4.5

Notes du pays:

South Africa has a relatively advanced financial sector, but it is also highly concentrated. According to the IMF's 2020 Financial Development Index, South Africa is the top African country in terms of financial development. The financial sector in South Africa consists of 18 registered commercial banks, five cooperative banks, four mutual banks, 13 local branches of foreign banks, and 28 other financial intermediaries.

The SADC financial integration initiative is supported by the South African Reserve Bank (SARB), which has been operating the SADC Integrated Regional Electronic Settlement System (SIRESS), on behalf of SADC central banks, since 2013. SIRESS is a regional payment system that allows the SADC central banks to settle cross-border transactions in South African rands in real time, without any intermediary institution. SIRESS enables cross-border trade in the SADC region, and ensures that the payments are final and irrevocable. The system covers all SADC countries except Madagascar, and has 85 participating banks, including 77 commercial banks and 8 central banks. More banks are joining the SADC-RTGS system, which has processed about 2.8 million transactions worth ZAR 10.97 trillion as of January 2023.

South Africa's financial sector has a strong presence in many African countries, especially in southern and east African countries where its top banks have been operating for a long time. Recently, these banks have also expanded to the west of the continent. Four of the leading banks in South Africa (Standard Bank, First National Bank, ABSA and Nedbank) have branches in up to 20 sub-Saharan African countries. In addition, two of the largest state-owned development finance institutions (DFIs) in South Africa, the Development Bank of Southern Africa (DBSA) and the Industrial Development Corporation (IDC), also operate across Africa, providing financing and support for infrastructure projects and entrepreneurs in competitive sectors.

South Africa is part of the CMA, a monetary union that includes South Africa, Namibia, Lesotho and Eswatini. These countries are also members of the SACU (in addition to Botswana), a customs union that facilitates trade among them. The CMA aims to promote development and economic equality among its members by harmonizing their foreign exchange and monetary policies, which are largely influenced by the SARB.

The Johannesburg Stock Exchange (JSE) is the largest and most influential stock exchange in Africa, with a market cap of around ZAR 18.7 trillion (about USD 1 trillion). It is also among the top 20 stock exchanges in the world by market capitalization. The JSE plays a vital role in the South African economy and the Southern Africa region as a whole. It can also act as a catalyst for regional capital market development in southern Africa and beyond. As a member of the Committee of SADC Stock Exchanges (CoSSE), a private sector initiative within the SADC framework, the JSE cooperates with ten other stock exchanges in the region to harmonize the securities market environment in SADC. CoSSE has developed a strategy to create an integrated real-time network of securities markets in the region. SADC has also harmonized the listing rules and the regulatory framework for securities markets across the region, with the help of the Committee of Insurance, Securities and Non-Banking Financial Authorities (CISNA).

South Africa is a favourable destination for foreign financial transactions, as it has a robust legal and regulatory framework that aligns with international standards. The SARB is a distinctive central bank that operates independently and has private and non-resident shareholders, which is rare in the world. The SARB oversees various banking services abroad and participates in global forums such as the Financial Stability Board and the G-20 Finance Ministers and Central Bank Governors. Foreign investors can easily transfer capital in and out of South Africa, as long as they report their transactions to the authorities and obtain the appropriate endorsement for their share certificates. South African banks, mutual funds, pension plans and insurance funds can invest up to 25 percent of their capital or assets abroad. South Africa attracts the most FDI in Africa. The Top 150 Banks ranking in Africa also demonstrates the strength of the South African financial sector, with Standard Bank of South Africa being recognized as the Best Bank in Africa in 2022 by Global Finance for its presence in 20 African countries and its use of cutting-edge banking technology across the continent.